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Realism's Shining Morality

The Post-Election Trajectory of U.S. Foreign Policy

Robert F. Ellsworth & Dimitri K. Simes

WE ARE PLEASED that President George W. Bush achieved an impressive victory over Senator John Kerry—but we do not believe that the president received a clear mandate for conducting foreign policy. Indeed, it was unfortunate that there was no real foreign policy debate during the campaign—and this at a time when the United States must make fateful choices.

The president, understandably, was unwilling to acknowledge serious errors of judgment in the conduct of U.S. foreign policy. Yet Senator Kerry failed to offer a credible alternative. His attacks on administration policy, especially *vis-à-vis* Iraq, were more nitpicking than a serious evaluation of what went wrong and what lessons the United States should learn.

President Bush built a strong record on the defining issue of our time—fighting terrorism. He destroyed Al-Qaeda's base in Afghanistan, removing the Taliban from power. And regarding Iraq, there were only two feasible options. One was to offer Saddam a *quid pro quo* settlement—allowing him and his murderous regime to stay in power in return for verifiably giving up weapons of mass destruction and abandoning his regional pretensions. There was little constituency in the United States for such a course of action. The second was regime change. Senator Kerry himself had voted in 1998 for this option. The Clinton team (many of whom also served as advisors to the Kerry camp) opted for half-measures—conducting regular air strikes against Saddam, attempting (with declining success) to maintain strangulating sanctions, and plotting covert action. It was clear that these were not achieving their objective—while giving Saddam every incentive to strike back at the United States. So resolving the situation once and for all by ending the Saddam regime seemed to be a more prudent solution. One need not be a neoconservative to reach such a conclusion.

But how foreign policy is conducted also matters, and here it is vitally important that President Bush, in his second term, avoid wrong choices that may bring catastrophic consequences. The second Bush Administration will have to deal with two fundamental dilemmas: first, how to reconcile the war against terror with a commitment to make the world safe for democracy; and second, how to assure that unchallenged U.S. military supremacy is used to enhance America's ability to shape the world rather than provoke global opposition to the United States, making us more isolated and

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accordingly less secure. The neoconservative vision for conducting American foreign policy is fraught with risks. And continuing to follow the prescriptions of the neoconservative faction in the Republican party may damage President Bush's legacy, imperil the country's fiscal stability and complicate America's ability to exercise global leadership.

IT HAS BECOME an article of faith for the increasingly influential alliance of liberal interventionists and neoconservatives that the United States, as the world's democratic hegemonic power, is both entitled and even morally bound to use whatever tools are necessary to save the world from brutality and oppression and to promote democratization around the globe. Up to a point, the War on Terror and encouraging democracy worldwide are mutually reinforcing. President Bush is quite right that democracy, particularly if we are talking about democracy in a stable society coupled with a rule of law and with adequate protection of minority rights, is not only morally preferable to authoritarian rule, but also is the best prescription against the emergence of deeply alienated radical groups prone to terrorism. The "democracy project" also appeals to the highest aspirations of the American people. After all, the Cold War was never driven solely by the need to contain Soviet power, but by the moral conviction that defending freedom in the United States and in the world in general was something worth fighting and dying for—even, in the Berlin Crisis, risking nuclear war itself.

High-minded realists do not disagree with the self-appointed champions of global democracy (the neoconservatives and the liberal interventionists) that a strong preference for liberty and justice should be an integral part of U.S. foreign policy. But they realize that there are tradeoffs between pushing for democracy and working with other sovereign states—some not always quite democratic—to combat global terror. Realists also, following the advice of General Charles Boyd, understand the need to "separate reality from image" and "to tell the truth, if only to ourselves"[1]—not to play fast and loose with facts to create the appearance of acting morally. And they are aware that there are important differences in how the United States helps the world achieve freedom. Indeed, in his first press conference after his triumph at the polls, President Bush used three different terms in talking about America's global pro-democracy effort. He discussed the need "to encourage freedom and democracy", to "promote free societies", and to "spread freedom and democracy."

"Encouraging" democracy is not a controversial position. Nearly everyone in the world accepts that the sole superpower is entitled and indeed expected to be true to its core beliefs. "Promoting" democracy is vaguer and potentially more costly. Still, if the United States does so without resorting to military force and takes into account the circumstances and perspectives of other nations, then it is likely not to run into too much international opposition. "Spreading" democracy, however, particularly spreading it by force, coercion and violent regime change, is a different thing altogether. Those who suspect they may be on the receiving end of such treatment are unlikely to accept American moral superiority, are bound to feel threatened, and cannot reasonably be expected to cooperate with the United States on other important American priorities, including the War on Terror and nuclear proliferation.

Worse still, they may decide that acquiring nuclear weapons is the last—perhaps their only—option to deter an American attempt to overthrow their gov-

[1] "Making Peace with the Guilty", *Foreign Affairs* (September/October, 1995).

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ernments. This already appears to be the dynamic in the case of Iran and North Korea. Also, in dealing with the likes of Tehran and Pyongyang, there can be no certainty with whom they may share nuclear technology. Accordingly, there is a clear and present danger that pro-democracy zeal may enhance the greatest possible threat to U.S. security and the American way of life—the threat of nuclear terrorism.

We have already seen how overzealousness in the cause of democracy (along with a corresponding underestimation of the costs and dangers) has led to a dangerous overstretch in Iraq. As Shlomo Avineri, a professor at Hebrew University in Jerusalem, has observed, what is currently going on in Iraq is not "the war the U.S.-led coalition had in mind when the decision was taken to topple Saddam Hussein."[2] The United States could have rid Iraq of Saddam and his most notorious associates without turning the whole country upside down. America could have made it clear from the start that Washington had no ambitions in Iraq beyond removing the threat from Saddam's regime and co-opted the United Nations and the Arab League to create a provisional post-Saddam government. It would have been possible to communicate to less-discredited members of the old regime—first and foremost the military command—that in return for coming clean on Iraq's programs to develop weapons of mass destruction, cooperating with coalition forces, introducing the rule of law and accepting a broad-based transitional government that would incorporate Iraqi exiles (and here one could have envisaged Prime Minister Iwad Allawi playing a key role), they could retain some degree of influence in the new Iraq. Additionally, Iraq's neighbors, none of them friends of Saddam, could have been assured that they had nothing to worry from the American military presence on their borders, as long as they did not attempt to obstruct a U.S. occupation which their benign attitude could help to make shorter.

Instead, we opted to dismantle the Ba'ath party government altogether without having anything with which to replace it, dissolved the Iraqi army and proudly pronounced that the liberation of Iraq was just a beginning of a grand democratic transformation of the Greater Middle East. It required an inordinate degree of naivety and, frankly, ignorance about the real conditions in Iraq and in the Middle East in general to believe that this overly ambitious scheme could work—especially when pursued without any visible effort to promote the Arab-Israeli settlement and from the position of being the sole sponsor of the Sharon government. An effort to reshape the Middle East according to American specifications was bound to face opposition on the ground in Iraq, from Iraq's neighbors such as Iran and Syria, and to say the least, dampen enthusiasm for helping the United States in Iraq even on the part of the most friendly Arab regimes such as Egypt, Saudi Arabia and Jordan, all of which had cause for concern that they could become targets of the American master plan for restructuring the region.

AMERICA HAS had to pay for these errors with blood, treasure, diminished international prestige and a weakened ability to focus adequately on and get much needed international cooperation on other urgent priorities, such as the emerging nuclear capabilities of North Korea and now of Iran. Reactions from other major powers strongly suggest that the Iraqi experience, for example, has made it considerably harder for the United States to get European, Russian and Chinese cooperation on tough measures against Iran. (In

[2]"Playing into Saddam's hands", *Financial Times*, November 10, 2004.

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the case of Moscow and Beijing, the experience with the 1999 U.S.-led attack on Yugoslavia was also a factor.) There is a reluctance to pass UN Security Council resolutions that would include a threat of force—a threat that would be quite useful in pressuring the Iranian government, but which many nations, including some of America's long-standing partners, are afraid would be used by the United States to justify unilateral military action.

Neoconservatives both in and outside the administration argue that all that is needed to make American foreign policy more effective is to change the tone of American statements and to engage in better public relations. This is fantasy. What is required is not just a change in salesmanship, but rather how U.S. policy is conducted.

Nothing short of a midcourse adjustment can allow America to reassert true world leadership—enjoying the concrete support of other major powers, not (with the notable exception of Great Britain) token contributions made by insufficient "coalitions of the willing."

We suggest an adjustment, rather than a wholescale course correction. In its first term, the Bush Administration showed it was capable of pursuing a realist foreign policy grounded in vital interests. After an initially rough start with China and Russia, the Bush team came to accept the importance of building partnerships with these major powers.

And after the tragedies of 9/11, President Bush was absolutely right in his call for a relentless and ruthless pursuit of terrorists wherever they may be, and, unlike many neoconservatives and liberal interventionists, he rejected double standards in dealing with the terrorist threat. He did not reclassify certain terrorists as "freedom fighters", even in the face of sometimes considerable pressure from special interests. Thus, he refused to criticize Russian President Vladimir Putin for his tough (even if not always effective) measures against terrorists acting in the name of the Chechen cause. President Bush has made it clear that groups that perpetrate horrific violence specifically directed against civilian targets are terrorists. No matter how noble the cause they espouse, and even if there are legitimate grievances at play, sympathy must never become a means to aid and abet terrorism.

After an initial bout of euphoria following the fall of Baghdad, the Bush Administration has come to realize that, as a practical matter, with the United States being preoccupied with Iraq, it is unlikely that force should be used to remove other repressive regimes as long as they do not threaten the United States. And in Iraq itself, once National Security Advisor Condoleezza Rice became responsible for guiding that country's political reconstruction, the focus changed from starry-eyed democratic experimentation to establishing stability and ensuring a quick transfer of authority to the new Iraqi government. This is a policy not only less threatening to Iraq's neighbors, but also one which has a better chance of success among Iraqis who are tired of disorder.

Of course, in the post-September 11 world, the leading superpower has no choice but to remain assertive, and that includes rare instances when America has to act unilaterally and to use military force pre-emptively. The question is, under which circumstances and in the name of what? No responsible American president, as Senator Kerry acknowledged during the campaign, can surrender the right to do whatever is required to defend American security, even when the UN, NATO and other international bodies refuse to give consent. Realistically, other nations would not expect that much from us—even those who cherish their ability to use international law as a straightjacket on U.S. freedom of action.

As far as pre-emption is concerned, there is a growing consensus in the world

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that traditional notions of deterrence, appropriate against nation-states (which were in control of their territory and were vulnerable to massive retaliation in response to irresponsible behavior), simply cannot work in the age of sub-national terrorist coalitions and with the apocalyptic consequences of weapons of mass destruction increasingly available to non-state actors. The issue is not with pre-emption itself, but rather with the notion, now widespread in the world, that the United States may use pre-emption arbitrarily—not against genuine enemies threatening America, but against those whom the American political consensus at the moment decides to label as brutal and undemocratic. With their historic reluctance to have authority without the consent of the governed, Americans should be the first to understand why the rest of the world would not be prepared to surrender such overwhelming power to any one nation. After all, there is no such thing as a benign tyranny. The ability of one power to act freely without constraints, short of those it is willing to impose upon itself, would look like a tyranny even to those countries that, as a result of their democratic credentials, have little reason to fear American punishment themselves.

THE PRESIDENT of the United States proudly proclaims that he is a man of faith, and so were the American Founding Fathers. However, the genius of the American experiment was based on the fact that great ideals were combined with an equally great pragmatism and that strong belief in one's cause was also measured by a decent respect for the passions of others. That is what makes the neoconservative creed such a departure from the American political tradition. President Bush will enhance his legacy and do a lot of good for U.S. foreign policy effectiveness if he makes high-minded realism his foreign policy motto. Such high-minded realism should be based on five important principles.

First, the War on Terror should be made the true organizing principle of U.S. foreign policy. That does not mean neglecting other important preferences such as U.S. economic interests, environmental issues and human rights. But none of them should be pursued at the expense of the struggle against terror. After all, success or failure in the War on Terror could very well determine the fate of America.

Second, the Bush Administration should work hard in its second term to re-establish American leadership. This is not about allowing anyone else to checkmate the exercise of U.S. power. Rather, it requires a serious evaluation of tradeoffs between compromises in the name of greater international support and the freedom of action associated with acting alone when no multilateral solution is available. For example, in the instances of the North Korean and Iranian nuclear programs, it is wise for America to work hard to move other relevant nations as close as possible to the U.S. position—as imperfect as such consensus may be—rather than to adopt a threatening pose in splendid isolation. In that context it should be made clear that pre-emption is a last resort, applicable only when there is credible evidence of a real threat to vital U.S. interests.

Third, as a pre-eminent military power, whose capabilities no one disputes, we should follow the guidance of President Theodore Roosevelt to speak softly while carrying a big stick. America should not be timid in protecting and promoting its interests, but a modicum of humility when talking about our exceptional goodness would help others reconcile themselves to American preponderance and make it easier for them to accommodate our preferences. That is something that does not come naturally to neoconservative polemicists who seem

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to derive satisfaction from loudly beating their drums—but it would again be in the best American tradition and most likely to produce results.

Fourth, we should abandon the demonstrably false pretense that all nations and cultures share essentially the same values. Every country, every region, every civilization has its own cycle, circumstances and path of development. We have disagreements over values and policies even with our democratic European allies and with Canada and Mexico just across the border—so we should not expect that the peoples of the Middle East would share our attitudes. One key passion in the Middle East is the rights of the Palestinians. This passion may seem exaggerated to us and manipulated by undemocratic Arab leaders. But the fact remains that it is strongly felt among the Muslim elites and masses alike. If we want our good intentions to be trusted in the Islamic world, and if we want to be able to encourage moderation and positive attitudes towards Western civilization among Muslims, a sympathetic attention to the Palestinian problem, obviously without abandoning the security of Israel, is a must. Yasir Arafat's departure may provide an important opening in that regard.

Finally, our focus on democracy should not be presented to others as an imperial command. Over the centuries we have been advised by leaders from John Adams to George Kennan to Ronald Reagan to be unto the world as a shining city on a hill, appealing to the better instincts of mankind—not to become a military empire demanding subservience. We certainly would not object to other countries emulating us, but it is more important that we have shared interests and work to address and promote them.

FOR PRESIDENT Bush to use his second term to enhance his legacy and to build—as he clearly wants—a lasting Republican majority, the United States needs to pursue a foreign policy based on thoughtful evaluation, dealing with the world as it is, rather than embracing polemical clichés passed off as ideas. And such a policy needs as its moral lodestone the traditional American value of prudence, not a neo-Trotskyite belief in a permanent revolution (even if it is a democratic rather than proletarian one). The neoconservative insistence that the United States can be made safe only by making other nations accept American values is a recipe for provoking a clash of civilizations rather than a way to enhance and promote America's global leadership.

In 1999, then-candidate Bush said, "Let us have an American foreign policy that reflects American character. The modesty of true strength, the humility of real greatness." September 11 has made this realistic and honorable approach even more essential for U.S. international conduct. □

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Letters

Fukuyama Responds

I had not intended to respond to Charles Krauthammer's "In Defense of Democratic Realism" (Fall 2004), since my aim was to stimulate a debate over the Bush Administration's foreign policy and not to spend time in an extended exegesis of Krauthammer's writings. I am compelled to respond, however, by one thing he wrote.

Krauthammer says I have a "novel way of Judaizing neoconservatism", and that my argument is a more "implicit and subtle" version of things said by Pat Buchanan and Mahathir Mohamad. Since he thinks the latter two are anti-Semites, he is clearly implying that I am one as well. If he really thinks this is so, he should say that openly.

What I said in my critique of his speech was, of course, quite different. I said that there was a very coherent set of strategic ideas that have come out of Israel's experience dealing with the Arabs and the world community, having to do with threat perception, preemption, the relative balance of carrots and sticks to be used in dealing with the Arabs, the United Nations, and the like. Anyone who has dealt with the Arab-Israeli conflict understands these ideas, and many people (myself included) believe that they were well suited to Israel's actual situation. You do not have to be Jewish to understand or adopt these ideas as your own, which is why people like Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld share them. And it is not so hard to understand how one's experience of Arab-Israeli politics can come to color one's broader view of the world: The 1975 "Zionism is racism" resolution deeply discredited the UN, in the eyes of Jews and non-Jews alike, on issues having nothing to do with the Middle East. This is not about Judaism; it is about ideas. It would be quite disingenuous of Charles Krauthammer to assert that his view of how Israel needs to deal with the Arabs (that is, the testicular route to hearts and minds) has *no* impact on the way he thinks the United States should deal with them. And it is perfectly legitimate to ask whether this is the best way for the United States to proceed.

I understand perfectly well that Krauthammer has a narrower interpretation of American interests than William Kristol or Robert Kagan, and that he wants to use democracy promotion primarily as a tool to achieve realist ends. I would say that both of these positions are wrong: What we need is not democratic realism, but a realistic Wilsonianism that matches means to ends better than the Bush Administration has done. Krauthammer should consider that if democracy is merely a means and not an end of our policy, we would never support Israel as strongly as we do.

Now that the partisanship of the election is past, it is important for American policymakers to sit down quietly and reflect a bit on the past four years. A lot of mistakes and poor judgment calls were made; some were by individuals and others were failures of institutions. Charles Krauthammer joins the Bush Administration in doggedly defending everything that has been said and done in U.S. foreign policy over the past three years. Let's hope this doesn't remain the pattern as we move into the first year of the new administration.

FRANCIS FUKUYAMA
Johns Hopkins University

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Friends in Need?

I would like to offer a point of clarification regarding Nikolas K. Gvosdev's and Travis Tanner's "Wagging the Dog" (Fall 2004). The authors stated: "The United States has on many occasions demonstrated its resolve to Beijing through weapons sales, public statements and deployments of the Sixth Fleet." I suspect they actually meant the Seventh Fleet, which is responsible for the Taiwan Straits. The Sixth Fleet is based in Gaeta, Italy. Its area of responsibility is Europe, Africa and Israel.

IAN RAINEY
Johns Hopkins University

Hans Morgenthau said it in 1948, and it bears repeating here: "Never allow a weak ally to make decisions for you." Those who do "lose their freedom of action by identifying their own national interest completely with those of the weak ally."

MIKE ROSKIN
Chair, Political Science Dept.
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Nikolas Gvosdev and Travis Tanner would have you believe that the tail is "Wagging the Dog"; that reckless leadership by allies in Taiwan and Georgia is putting at risk the larger national security interests of their key benefactor, the United States. However, the evidence they present for this conclusion is scant at best.

They over-dramatize the actions of tiny Taiwan with respect to its enormous neighbor. How irresponsible indeed of the Taiwanese to discuss defending themselves from some 600 PRC missiles pointed their way, and how worse it is to begin amending a constitution written nearly fifty years ago for a one-party dictatorship! These changes will not, as President Chen has promised, touch on any issue that might be construed as changing the status quo in cross-Strait relations. As for Beijing accepting the current situation—China spends enormous amounts on developing a military capability to coerce Taiwan; routinely practices invasion scenarios; publicly states that it reserves the right to settle the dispute militarily if Taiwan does not agree to talks leading to unification in the near future; and works assiduously at denying Taiwan any semblance of international legitimacy.

Nor should Beijing's cooperation with the United States on non-proliferation and the War on Terror be overstated. China's cooperation on these issues has been perfunctory: No serious pressure has been applied to North Korea, Chinese companies continue to assist states like Iran with their weapons program, and the only "terrorists" Beijing sees are those who are opposed to its dictatorial ways, such as the Uighur Muslims.

With regard to Georgia and Russia, it is Putin's increasingly open accretion of authoritarian power that is creating a new rift in U.S.-Russian relations. Georgian president Mikheil Saakashvili may have taken steps with which the United States was not comfortable, but no ally should be expected to ignore its own pressing national interests—especially when they involve the neutralization of three large, Russian-supported, criminal pseudo-states within the country's borders. Gvosdev and Tanner cite the tension with Russia over Abkhazia but fail to mention that the Russian government played major role in the Abkhazia problem devolving into its current dangerous state. Ultimately, U.S. national security interests lie not with placating an increasingly anti-democratic and unreliable Russia, but rather with ensuring that a democratic Georgia succeeds in becoming a beacon of hope for the rest of the region. In turn, Russia should be working with the United States and Europe to stabilize Georgia and sustain its territorial integrity, especially after the tragedy in Beslan. Such cooperation will lead to the most realistic benefits in terms of advancing the fight against terror and preventing the deadly disintegration of states in the Caucasus along ethnic lines.

If managed with common sense and a long-term strategy in mind, the United States does not have to choose

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between having good relations with Russia and China and supporting allies like Taiwan and Georgia. In any case, China will cooperate with the United States when Beijing decides such cooperation is in its interest, even if it is not happy with the approach of the United States toward Taiwan at any given moment. The United States should certainly avoid unnecessary acrimony with Russia, but managing the partnership does not mean always having to yield to Russian demands, especially when they conflict with America's overriding security goal of creating a democratic, stable Eurasia.

America's conception of its own vital interest is shifting. The United States has now placed at the top of its foreign policy agenda the advance of democracy in the broader Middle East and neighboring regions as a bulwark against Islamist radicalism and extremism there. Democracy and realpolitik go hand in hand in the post-9/11 world. The new enemy is transnational and cannot be contained by exclusive reliance on large state actors, especially those that aggravate extremist tensions through repressive policies.

Gvosdev and Tanner end by citing Ronald Reagan, who stated, "I am hardline and will never appease [the Soviets]. But I do want to try to let them see there is a better world if they'll show by deed that they want to get along with the free world." This is indeed the right approach—in dealing with China and Russia.

GARY SCHMITT
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Project for the New American Century

GVOSDEV & TANNER respond: We would like to thank Gary Schmitt for his thoughtful reply to our essay. For reasons of space, we cannot present a comprehensive response to his points. We would disagree, however, with his assertion that the United States "does not have to choose" between keeping good relations with Russia and China and supporting allies like Taiwan or Georgia. This, to us, seems like wishful thinking. Sometimes we have to choose. And as realists, we feel that our choices must be grounded in a clear assessment of America's foreign policy priorities.

In combatting the new threats of the 21st century—terrorism and WMD proliferation—the United States cannot do it alone, and it cannot do it via cosmetic coalitions where the United States bears almost all of the burden. We do not advocate "exclusive" reliance on large state actors, but their essential contributions cannot be minimized. Beijing, for example, encouraged Islamabad to cooperate with Washington in the run-up to the American offensive against the Taliban, cooperated with the Container Security Initiative (CSI) and allowed an FBI office in Beijing. Certainly, China or Russia can deliver more than they have. But the cooperation we are already receiving from both—including on Afghanistan and North Korea—is not inconsequential. And Schmitt doesn't explain how the United States can ignore vital Chinese or Russian concerns and yet expect a complete and full accommodation of American priorities.

The United States will never abandon its friends, but it should emphasize that it will never risk its relations with major powers by offering unconditional support for optional policies and maximalist agendas that complicate America's foreign policy efforts. The United States is not obligated to back any course of action simply because an ally chooses one preference over others. After all, the United States had little difficulty telling another island democracy facing both internal separatists and a hostile mainland neighbor not to move forward on steps we thought would needlessly inflame a volatile region. In 1998, Washington applied a great deal of pressure to dissuade the Cypriot government from installing the S-300 missile batteries, even though it had legitimate security concerns, on the grounds that this could escalate tensions throughout the eastern Mediterranean. To argue that Georgia should seek to reunify through peaceful means

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rather than a military campaign fraught with risks of further destabilizing an already explosive region, or that Taiwan should be satisfied with *de facto* rather than formal sovereignty does not qualify as appeasement of Moscow or Beijing, but as a level-headed approach to managing volatile situations.

Nor did we argue that it was unwise for Taiwan to be concerned about its security. But given that Taiwan's defense budget has declined annually over the past decade—which is certainly not the trend one expects to see from a territory under direct threat—one wonders whether Taipei genuinely feels that the PRC poses an imminent threat. This underscores Taipei's assumption of U.S. military intervention in the event of an unprovoked attack by the mainland. With regard to Abkhazia, we believe that Charles King's essay in this issue helps to illuminate what is a more complex situation than simply a Russian-backed plot to create a criminal pseudo-state on Georgian territory.

In a post-9/11 environment, we believe it is vital for the United States to have a consistent approach to foreign policy, one that is clear to friends and foes alike. Schmitt's logic is difficult to follow. Should democratic governments in Serbia and Cyprus, following his line on Georgia, feel they can take whatever means are necessary to reunify their countries? Or should ethnic separatists in Kosovo and Northern Cyprus take comfort, citing his position on Taiwan? Such conflicting signals give rise to charges about "double standards" in U.S. policy. They also give the appearance that U.S. foreign policy is based on special interests rather than national ones.

We don't harbor illusions about Russia or China (although both today are much more liberal and pluralist than they were twenty years ago). And we recognize the important contributions that smaller states can make in helping to spread zones of stability and prosperity around the world. But we remain committed to the principle that how other states aid American efforts to deal with the core threats that affect our survival should be the principal factor in shaping our foreign policy.

Working in Theory

As a life-long student of international relations with a penchant for theory, I feel challenged to comment on the theoretical portion of Clifford Kupchan's "*Real Democratik*" (Fall 2004)—in particular the prediction that "the contemporary international order", viewed as both "normatively good" and "empirically inevitable", will be marked for the next several decades by "unprecedented American unipolarity."

Like its cousins, bipolarity and multipolarity, unipolarity has been a key term of international relations. But the time has come to take another look at it. The conventional view equates polarity with raw power—a concentrated distribution of military and economic capacity. (I used this approach in my 1974 monograph, *World Power Concentrations*, one of the first, if not the first, attempts actually to measure unipolarity.) That is the metric (indexed by military expenses) basically used by Kupchan.

The main reason for taking another look at the "raw power" metric is the rising complexity of contemporary world politics. Most day-to-day international problems are increasingly processed in institutional and multilateral contexts, such as summit meetings, regional bodies, international financial institutions and the like. In this context, institutional power means decisional or voting power. Unipolarity here means control of a "one-party" system, and is measured by the ability to obtain favorable outcomes—and one of the relevant metrics is world public opinion.

I tend to agree with Kupchan that in today's international system, unipolarity probably prevails in terms of raw (military) power, but I do not think it obviously does so in relation to institutional power. In fact, some recent trends point toward the growth of a "bi- or multi-party" system in that area.

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Multipolarity is a fact in the world economy. Two or three decades ahead, unipolarity is still probable for forces of global reach (commanding sea, air and space) but not for all the aspects of military power.

If unipolarity claims to be the unique source of the public goods of world order, then its exercise labors under all the well-known burdens and criticisms of monopoly power: excessive costs combined with underperformance. Because it yields high profits but deteriorates into incompetence, a monopoly attracts competition and generates serious conflicts.

On such grounds, a monopoly is morally suspect, but there is an exception: when a monopoly naturally emerges from a process of innovation. In public life, the general interest in innovation is usually protected by patent law that grants the inventor a temporary privilege. Similarly, in world politics we might argue that world powers earn a temporary relief from the inevitable pressures and criticisms of monopoly in recognition of their inventive solutions of critical global problems. The early phases of the exercise of global leadership by the United States, Britain (twice), the Dutch republic and Portugal demonstrate that point. But does this hold for the current situation? Claims of benignity or benevolence are not enough.

All in all, Kupchan would be well advised not to use "inevitable" or "entrenched" unipolarity as the principal pillar of his analysis. As for the longevity of unipolarity, he might consider looking into the findings of the theory of long cycles.

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Clifford Kupchan is to be congratulated for his thoughtful and timely call on his fellow Democrats to attend to the fact, and the desirability, of unipolarity—that is, that the United States has unprecedented international power and that it ought to seek to preserve that power. Indeed, as one of those rare academics who tend to vote Republican, I would like to see a corresponding *Real Republikan* approach that would recognize the common interest that the United States and its democratic allies have in preserving and extending the post-World War II international order. It would strive to keep the bargain on which that order is based, including the agreement to render U.S. actions predictable by binding America to some extent through international institutions. It would also insist that catastrophic terrorism is a grave threat to that order and the countries that subscribe to it.

Real Republikan would differ from *Real Demokratik*, however, by recognizing just how difficult unipolarity makes voluntary international cooperation. Unipolarity not only tempts America to act in ways and regions previously off limits, it also causes other countries to worry more about whatever the United States does. When America uses force in Afghanistan or Iraq, more people than ever around the world suspect that we are building a world empire. Most concerned countries have good reasons not to try to form a serious anti-U.S. alliance, but they use various low-cost tools, including diplomacy and passivity, to block perceived expansions in U.S. power. Iraq is where the costs of this resistance are felt most keenly today.

And of course Islamist terrorism is itself partly a product of unipolarity. Absent America's unchallenged military, economic and cultural presence in the Middle East, it is difficult to imagine 9/11. The *Real* in *Real Republikan* is an acknowledgment that in an anarchical international system the weak are bound to worry about the powerful. It thus implies that the recent surge in anti-Americanism is by no means entirely the fault of the Bush Administration.

In such a world, where even America's friends try to contain it and its enemies are capable of harming it grievously without defeating it militarily, America has less freedom of action than many understand—less, in fact, than it had during the Cold War. Its dilemma is to keep itself safe and prosperous while

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reassuring the world that it is not seeking global domination. America must find the correct tradeoff between, on the one hand, vigor in attacking terrorism and WMD proliferation, and on the other, rendering its own future actions predictable. Excessive unilateralism against terror will alienate countries otherwise inclined to help. But excessive self-binding will lead to excessive passivity against terrorism, for even many of its friends are bound to want America to underinvest in its own security.

The frontier along which the right amounts of vigor and self-binding are traded is hard to find. But *Real Republikan* would insist that the frontier exists, and that America's grand strategy after 9/11 must find it and stay on it.

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That Magic Moment

Francis Fukuyama's critique of Charles Krauthammer's doctrine of a unipolar America ("The Neoconservative Moment", Summer 2004), properly scolds Krauthammer for ignoring clearly unfortunate "facts on the ground." For Krauthammer does not just skip over inconvenient facts, he mistakes his judgement for fact—most importantly, the judgement that our transatlantic allies no longer count for much. But does the current "coalition of the willing" (wherein American forces take nearly all the burden) really equal a coherent NATO force willing to take action against radical Islamism? Might it not have been better to take Lord Robertson and NATO up on their pledge after 9/11 to stand with the U.S. against terrorism? It was the imprudence of the current foreign policy, consonant with the democratic realism put forward by Krauthammer, that has placed America in the current position of temporal alliances having no common (or lasting) values, when a different diplomatic and ideological approach could have strengthened America's efforts.

The neoconservative argument that I knew during the Cold War was a moral one that reaffirmed the inherent rightness of upholding freedom against totalitarianism. Clearly, the neoconservative argument has gone way off course in trading sound policies of containment using democratic alliances for a doctrine of pre-emption that insisted on war in Iraq. But let this cold warrior state the case plainly: Pre-emption leads nations to unnecessary and therefore immoral wars and the harmful consequences such wars bring, including ruptured alliances and the consequent reduced influence of the United States in world affairs.

That there were no weapons of mass destruction found in Iraq, that there are now a thousand American fatalities (and untold numbers of Iraqis), that traditional alliances with nations possessing real military strength have been broken, that there is a breakdown in civil order in Iraq—nothing can dissuade the purveyors of pre-emption that Iraq was a wrong course to take. Thus, Krauthammer's attempts to put limits on democratic idealism begs the question: Where does such reasoning end when it begins with an unnecessary war?

There is no doubt America is the sole superpower. But there is also no doubt that America will not be able to prosecute the War on Terror alone or with *ad hoc* alliances. Even our current "coalition of the willing" is a bow to this reality that the superpower cannot be the sole policeman. But if America's new foreign policy has alienated such sturdy democratic allies as France and Germany (because, as Fukuyama points out, we have simply lost the capacity to listen), one cannot hope that the perpetuation of that foreign policy will create sturdy (and equally powerful) new ones. Instead, America's allies will have the color of dictatorships like Uzbekistan and Azerbaijan, and our antagonists that of a greater number of NATO members and democracies. This is neither prudent nor moral foreign policymaking.

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Nobody's Fault But Mine

Neil McInnes's remarkable account of the rise and fall of "Australian genocide" ("Requiem for a Genocide", Summer 2004) is a case study in one of the more striking Western pathologies of recent times: that of the volunteer scapegoat. The common, in some ways rational, response when individuals or nations are reproached is to argue, "It's not my fault." In many cases, of course, this response is self-serving. The strange thing in these political cases is that the response of "it is our fault" often turns out to be no less irrational. Similarly, the rational response to being kidnapped or hijacked is resentment and an attempt to frustrate the crime. But the so-called "Stockholm syndrome" is a pathology in which the victims identify with their abductors. Some light is shed on these moral attitudes if we remember Orwell's view that many people (and especially intellectuals) find power hard to resist. They feel they must try to understand why Stalin, Hitler, Bin Laden and the like have the power and the passions they do. In the Australian case, most of the voluntary scapegoats belonged to the academic classes, and they went further. They not only embraced but virtually fabricated the case for national self-accusation. Many of them came to think that Australia must collectively and institutionally say "sorry" in order to sustain its place in the comity of morally acceptable states.

One can only speculate about the thoughts that went into this curious collective enthusiasm. These must include a Christian belief about repentance warranting forgiveness—the illusion that moral immaculacy is possible. Another line of thought was clearly an ill-informed induction from realism. Similar bad things have happened in other encounters between Europeans and indigenous peoples: Who are we in Australia to think that we are better than others? We may also guess that the vanity of liberal elites disposes them easily to think of themselves as honest, frank and sensitive, by contrast with the self-serving civic partialities of what politicians these days call "ordinary people." No doubt many other impulses are at work, but among the lessons we may derive from these strange attitudes is that rationally benevolent dispositions can sometimes lead to a ruthless indulgence in untruth.

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Fueling Debate

The article "The New Geopolitics of Oil" (Special Energy Supplement, Winter 2003/04) by Joe Barnes, Amy Jaffe and Edward L. Morse, unfortunately contains a good deal of old, in-the-box thinking, as well as a strange fascination with what they call "neoconservative" policy.

They use the old chestnut that Saudi Arabia has a quarter of global petroleum reserves. This would be a reasonable estimate for "conventional" oil. But conventional oil is an outdated category from the time that unconventional oil, principally Canadian tar sands and Venezuelan heavy oil, could not be produced at competitive costs. Including "unconventional" oil, the Western Hemisphere has more reserves than the Persian Gulf region. While Persian Gulf oil mostly costs much less than $15 per barrel to produce, there is not enough very low cost oil on the market to keep the price below the current cost of unconventional oil.

They stress that the key element of Saudi oil power is the ability to expand production by 1.9 million barrels per day (BPD). But they ignore the fact that the OECD countries also have the possibility of putting an additional 1.9 million BPD into the market from their strategic stockpiles. This can dramatically affect the great fear that the Persian Gulf oil producers might someday shut their spigots and leave the West without the oil on which we have become dependent. OECD storage is enough to enable the world to do without Persian Gulf oil for about half a year. Can the Persian Gulf countries do without the dollars they get from selling oil for six months?

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A real "New Geopolitics of Oil" would recognize that dependency in the relationship between buyers and sellers of oil runs in both directions and is much more complex than the old notion of consumers being at the mercy of the Persian Gulf producers.

Also, it is a little hard to understand why Barnes *et al.* think it is only "neoconservative ideology" that leads to the conclusion that the billions of dollars of Saudi oil money being spent annually to promote the Wahhabi brand of Islamism is playing a "pernicious" role in the world. Do liberals think the *madrassas* are helping the world?

Although they make a number of sound recommendations and provide some useful information, they seem to need windmills to tilt at, such as the idea that the Bush Administration decision to remove Saddam Hussein was partly motivated by the idea that a grateful Iraq would force oil prices to low levels. Producing a somewhat more pluralistic and free government in Iraq, in order to start the process of making the Middle East less of a source of danger to the world, would amply justify the U.S. removal of Saddam, and there is not and never was any reason to think that a free Iraq would want to pursue very low oil prices.

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No Enemies on the Right

Conservative Foreign Policy Factions Beyond Iraq

Henry R. Nau

CONSERVATIVES dodged a bullet on November 2. Squabbling bitterly over Iraq, they contributed to the possible unseating of an incumbent conservative president in wartime. Realists or traditional conservatives attacked neoconservatives for splitting the NATO alliance and chasing after democratic rainbows in the barren sands of the Middle East. Neoconservatives attacked each other—including in the pages of this magazine—exchanging salvos about whether terrorist threats are existential and legitimacy requires broader coalitions.[1] Nationalists deplored the crippling Cold War reflex to fight wars far away from home and give other nations a free ride.

Conservative wars over foreign policy of course are not new. Conservatives split after the Vietnam War. At that time, neoconservatives, led by Ronald Reagan, attacked Nixonian policies of détente and called for the end—not containment—of Soviet communism. Conservatives quarreled again after the Gulf War. Neoconservatives faulted realists for failing to march to Baghdad and eliminate Saddam Hussein. During both periods—in 1976 and in 1992—liberals exploited conservative divisions to take the White House. That did not happen this time. But conservatives are tempting fate if they continue these intramural squabbles. Internecine wars are not only self-destructive, they are unnecessary. Conservatives need each other. Here's why.

Root Principles

IT IS USEFUL to remind conservatives what they have in common, especially compared to liberals. A conservative strategy for American foreign policy is based on four general principles. These principles encompass all conservatives—neoconservatives, conservative realists and nationalists—and reflect the different choices that conservatives and liberals make when they face tradeoffs in real world situations. In these situations, conservatives generally take the following positions: Individual and national liberty (freedom) count more than collective and universal equality; competition is a better engine of change and protector of liberty than institutional cooperation; military power takes precedence over eco-

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[1] See Francis Fukuyama, "The Neoconservative Moment" (Summer 2004), and Charles Krauthammer, "In Defense of Democratic Realism" (Fall 2004).

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nomic, diplomatic or soft power because without military power, other forms of power are impotent; and legitimacy derives more from commitments to democracy than from universal participation in international institutions many of whose members are not democratic.

From these principles, several strategic guidelines follow for conservative foreign policy. First, a balance of power in international affairs preserves the independence and freedom of individual states. As long as many states are not democratic, the balance of power is to be preferred over a collective security system or reliance on international institutions, especially if the result is to empower a non-democratic majority in international institutions. International institutions are not objectives in themselves but are useful only if they support, as the president's 2002 National Security Strategy document stated, "a balance of power that favors human freedom."

Second, a global marketplace fosters competition and indirectly supports independence while advancing growth and development. Open markets are the principal engines of change that respect independence and freedom. Some institutional framework is necessary to establish market rules (for example, to lower trade barriers, establish currency relationships and so on), but this framework should be limited and have the principal objective of fostering equality of opportunity, not equality of results (for example, through some sort of international redistribution of wealth). History demonstrates that markets, as long as they are competitive, spread rather than concentrate wealth.

Third, military power is not a last but a pervasive resort, and it makes credible all other sources of power. Soft power is deception if it is not backed up by a nation's willingness to defend and assert its political convictions by force when necessary. Market power is an illusion if there is no military power to safeguard the marketplace. And, as Frederick the Great once memorably remarked, "negotiations without arms are like music without instruments." Military power not only defends national security and freedom, it underwrites the stability that a prosperous global economy requires, and validates a national and international diplomacy without which there could be no serious international negotiations.

Based on these principles, conservative foreign policy differs from liberal foreign policy in two key respects. First, it emphasizes national ideals and interests and self-reliance. To paraphrase Thomas Jefferson, a country incapable of governing itself is also incapable of governing others. If nations deny their own citizens certain basic human and political rights, what right do they have to run the affairs of free nations through international institutions? Conservatives seek to get the best out of every individual and nation before they turn to national or international programs of assistance. Second, conservatism is more comfortable with competition both in the economic arena and, as a basis for balance and safety, in the military realm as well. Conservatives are more skeptical of cooperation and international institutions because they fear the dilution of liberty through compromise with non-democratic states more than they fear the loss of legitimacy through exclusion of such states.

The key question, then, is how to apply these principles to define a grand strategy for American foreign policy that integrates conservative views and avoids new conservative foreign policy wars.

The War on Terror

IN THE MINDS of conservatives, threats arise from disparities in power, especially when countries that do not pursue or support freedom in their own societies wield such power. Henry Kissinger, a classical realist,

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recognizes that free countries do not threaten one another even if they possess unequal power.[2] Only a few structural realists, who may or may not be conservative, define threats purely in terms of relative power.[3] Threats arise because not-free countries deprive their own citizens of basic political rights and civil liberties. While these domestic practices do not create direct conflict between states, they breed suspicions. Not-free countries, such as North Korea under Kim Jong-il, fear freedom because it means the loss of domestic power. Free countries, like the United States, fear oppression because it means the loss of domestic freedom. As President Reagan used to say: "If authoritarian states treat their own people in oppressive ways, how are they likely to treat us if they get the chance?" These are the suspicions and fears that interpret geopolitical realities and cause international conflicts. They are rooted in security perceptions generated by conflicting principles, as well as security dilemmas generated by competing power.

So it is not just the proliferation of weapons of mass destruction that is at stake. France has nuclear weapons, but no one is concerned. It is the nature of the societies that seek such weapons. Not-free, fundamentalist societies and groups reject modern civilization. They pose a threat that is not local or distant but global and immanent. This threat does not bristle at the border of central Europe with tanks and artillery and missiles, capable of attacking in a specific spot within the hour (an imminent threat). It hovers in the entire fabric of contemporary international affairs, capable of striking in any spot at any hour (an immanent threat). While fundamentalist forces are small compared to those of the former Soviet Union, weapons of mass destruction even the scales. In this sense, fundamentalist Islam is a direct military threat to the United States and for that matter any other Westernized country. And this threat offers less of a visible presence or warning before it strikes than the intercontinental missiles that defined the Cold War.

In addition, fundamentalist Islam poses a new universalistic alternative to democracy and free markets, just as communism did under the former Soviet Union. History has not ended. Fundamentalist societies seek a global dominion of the faithful. True, the vision of fundamentalism they espouse is unattractive in the West, unlike fascism and communism, which had legions of Western supporters. But we would be wrong to underestimate its appeal to others. No doubt a good many Muslims, oppressed, poor and aggrieved, could live with this apocalyptic vision, just as many who were not initial supporters acquiesced under fascism and communism.

MANY IN THE West minimize these challenges and assume they can be overcome by diplomacy and development. Conservatives do not ignore the important role diplomacy and development can play in mitigating the fundamentalist threat at the margins (such as making progress on the Arab-Israeli dispute or combatting poverty and illiteracy). But diplomatic efforts and poverty are not the principal causes of, or solutions to, fundamentalism. Middle East diplomacy made its greatest progress ever in the 1990s with the Oslo Accords, but fundamentalism nevertheless intensified. Its causes lie in deeper, independent worldviews that are hostile to freedom. And solutions involve defeat (World Wars I and II) or transformation (the Cold War) of these adversarial views. In the case of the Islamic world, which is largely undeveloped and undemocratic, transformation

[2]Henry A. Kissinger, *Does America Need a Foreign Policy?* (New York: Simon & Schuster, 2001).

[3]John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W. W. Norton, 2001).

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may take generations. For the War on Terror is first and foremost a war inside Islam. If it took the West roughly 500 years from the time of the Reformation and Enlightenment to the secular and democratic world of today, it will take Islam at least one hundred years, if such a transformation happens at all.

Conservatives have disagreed over how to prosecute the war that began—in the minds of Americans—on September 11, 2001. Neoconservatives opted for a muscular strategy that ignored allies and divided countries into those that are "with us" and those that are "against us." They advocated flexible "coalitions of the willing" in Afghanistan and Iraq. Realists preferred to act through existing alliances and patiently reorganize them to deal with new threats. And nationalists expected other countries to do more and sought a speedy victory and an early return to America's protected shores. They heeded the siren song to come back to America's "delightful spot", as nationalist Walter McDougall calls it, an America that is still separated by two broad oceans with no great power (like Russia or China) or conflict (like the Middle East) challenging calm within our own hemisphere.

Few American conservatives aspire to global imperialism, a fact that often frustrates British observers like Niall Ferguson, who cannot understand why Americans refuse to act like imperialists.[4] Yet many conservatives know that power will be exercised by someone and see a unique opportunity to preserve America's "sole superpower" status. Hence the injunction, also contained in the President's 1992 National Security Strategy document, to act in such a way as to discourage other nations from challenging American power. Again, not all conservatives agree. Realists observe from history that hegemons come and go. Preserving hegemony is unlikely. A balancing process ensures that hegemons, after they climb to the top of the heap, will be challenged and counterbalanced by rising powers. It is better to anticipate these challenges and aim for a world balance that is stable and functions on the basis of predictable alliances. Nationalists believe that such balancing will be automatic and does not require U.S. intervention and standing alliances. America can stay in its own hemisphere and let others do the balancing until the situation directly threatens America.

ALL CONSERVATIVES agree that the terrorist threat must be more broadly defined than liberals have been willing to do—it is not simply a "criminal matter." Moreover, conservatives rate much higher than liberals the likelihood that authoritarian or totalitarian states (such as North Korea) and failed states (such as Afghanistan under the Taliban) may assist terrorists in acquiring weapons of mass destruction. Waiting until one has proof suitable for a domestic jury is unacceptable for most conservatives. Admittedly, intelligence needs to be better, as Iraq suggests. But it can never be good enough. A terrorist war requires pre-emption; and pre-emption, because it is speculative, can never entail foolproof evidence.

Pre-emption, however, is not a license to invade everywhere. Iraq qualified for many reasons—supporting terrorists in the same region from which Al-Qaeda originates; contacts with Al-Qaeda, although no proof of collaboration or, it should be added, of the *absence* of collaboration; recent aggression against its neighbors in a region that is critical for world oil supply; acquisition and use of weapons of mass destruction (WMD) based on the historical record and the best intelligence at the time; a leader who invaded neighbors even at the risk of sur-

[4]See Niall Ferguson, *Colossus: The Price of America's Empire* (New York: Penguin Press, 2004).

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vival; and long-term defiance of the UN. North Korea and Iran do not yet meet all of these conditions. Nevertheless, the strategy is to stalk the adversary abroad and, together with homeland security, keep the conflict as far away from the U.S. mainland as possible.

Nationalists argue that Iraq was not a sufficient threat to warrant attack.[5] They prefer to concentrate on homeland defense and let allies in Europe and Asia assume greater responsibility for Iraq and North Korea. Until America is attacked directly, they opt to keep their powder dry. Some realists (for example, Brent Scowcroft, George H. W. Bush's national security advisor) also worried that intervention would increase instability in the Middle East (and now argue that they were right) and preferred to continue containment. Acting without NATO's consent, as they saw it, undermined the chances of containment. They were willing to give containment more time, even though the inspection regime required the maintenance of 200,000 troops in the Persian Gulf and the record of containment of Iraq in the 1990s was hardly encouraging. And now the scandal of UN management of the Oil for Food program suggests that the sanctions were falling apart just before the invasion.

As desirable as it might be, however, what if NATO cannot act or sanctions have no effect (as in the case of Iraq)? Conservatives must have a fall-back position. "Coalitions of the willing" may be a preferred alternative for neoconservatives, but it is a fall-back position for *all* conservatives. The ideal strategy would be to use such coalitions to restructure existing alliances, not create new ones. Why throw away the investments made over decades in NATO? True, restructuring can be frustrating and time consuming. But a more mobile, flexible NATO could become for the hot war against terror outside Europe what the more static, deterrence-oriented NATO was for the Cold War inside Europe. If the War on Terror is serious and long term, as conservatives believe, does not America need alliances that are more than temporary marriages of convenience? Can we imagine fighting World War II or the Cold War without permanent (that is to say, for the course of the conflict) allies? Would Spain have withdrawn so easily from the Iraq coalition if this coalition had been increasingly circumscribed by a NATO role?

Nationalists underestimate the threat if they assume the United States can build an air-tight homeland defense and keep the terrorists at bay in this hemisphere. This is just a delaying strategy, not a decisive one. Terrorism is not going away. If you cannot depend on allies to fight terrorists with you, how can you depend on them to fight terrorists without you? Nationalists temper neoconservative enthusiasm to seek out and destroy enemies everywhere. In that sense, neocons and nationalists need one another. But oceans and missile defenses alone cannot protect us from this threat.

THESE DIVISIONS among conservatives, therefore, are not fatal but actually helpful. In the War on Terror, they have produced a very sensible strategy of international institutions *a la carte*. "Coalitions of the willing" fight wars in Afghanistan and Iraq; NATO (and perhaps eventually the EU, as it is doing in the Balkans) provides stabilizing forces for economic reconstruction in Afghanistan and eventually perhaps in Iraq (where NATO currently advises the Polish brigade and provides training for Iraqi forces); and the UN promotes political reconciliation and human services in Afghanistan and for forthcoming elections in Iraq. No conservative group, it should be noted, gives the

[5] See Ivan Eland, *The Empire Has No Clothes* (Oakland, CA: Independent Institute, 2004).

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United Nations a leading role. The UN is simply not a reliable institution to defend freedom. With major not-free powers exercising vetoes in the Security Council and majorities of not-free societies dominating the General Assembly, the UN is hardly an institution, let alone the only one, that can decide when it is legitimate to use force. Here a sharp dividing line exists between conservative and liberal grand strategies.

Coping with Globalization

RELATIVELY FREE markets at home and abroad ensure competition, innovation, growth and, over time, equality. But markets require safety, and so, like Adam Smith, conservatives expect governments (not markets) to provide for defense. In that sense, security precedes markets, and stability is a prerequisite of trade. Neoconservatives and realists acknowledge this need for forward security. Some nationalists or libertarians reject it. They assume that countries will trade peacefully without security structures because it is in their mutual interests to do so. But it is also in their interests to secure the best terms possible for trade. Thus, why wouldn't some countries be tempted, at least sometimes, to set the terms of trade at gunpoint? Then mutually beneficial trade ceases, right? If markets function without safety, why do we have contracts and courts and ultimately police to supervise domestic markets? Some degree of world stability is essential for trade and investment, especially at the levels of contemporary economic interdependence.

Beyond the basic protections of property (including intellectual property), political freedom, and competition, however, all conservatives are skeptical of international economic institutions (just as they are of centralized domestic institutions). They prefer institutions that facilitate negotiations among governments, such as the GATT and WTO, over those that regulate governments, such as UN specialized agencies; redistribute resources, such as the IMF and World Bank; or act directly as state entities, such as OPEC.

Most conservatives are avid free traders. After all, economic freedom is an essential building block of political freedom. If citizens cannot accumulate and control economic resources, how can they exercise and protect their political freedom? But protectionism appeals to authoritarian states and offers short-term benefits to non-competitive workers. Leadership is necessary to secure the political and competitive advantages of freer trade. To its credit, the current Bush Administration has provided such leadership. Its trade representative, Robert Zoellick, saw immediately the relevance of trade to security and argued after September 11, 2001 that a new multilateral round of trade negotiations was now more important than ever. In the midst of a crippling recession and stock market crash, the administration secured trade promotion authority (TPA), where the Clinton Administration failed twice and withdrew the legislation a third time. Though Bush acquiesced to steel and agricultural protectionism in order to secure agreement from Congress, TPA will result in a net gain for free trade if used boldly. Furthermore, the launching of the Doha Round, again where the Clinton Administration failed in Seattle in 1999, and the proposals the Bush Administration tabled in Geneva that effectively eliminate steel and agricultural subsidies, reveal Bush's true purposes. The world has a good chance, now that Bush has been re-elected, to conclude a significant new trade agreement, one that centrally addresses for the first time freer trade in products that benefit developing countries and thereby helps to fight the War on Terror.

It was also gutsy, at the time of a still

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jobless recovery, for the administration to warn that outsourcing was on balance a benefit for the American economy. Outsourcing is a two-way street. Prevent American firms from outsourcing factories to other countries when market conditions warrant it, and other countries will prevent their firms from outsourcing to the United States. More than six million jobs from such outsourcing by foreign companies (or from the U.S. perspective, insourcing) in the United States would be lost.

Nevertheless, conservatives get little credit for free trade. Why is that? Part of the answer is that conservatives do it largely for security reasons, and trade initiatives such as the Doha Round get lost in the controversy over security issues. A second reason is that some conservatives are not free traders. Jacksonian (in contrast to Jeffersonian) nationalists care more about protecting American workers and limiting immigration than opening foreign markets. They fear foreign competition from low wages and resent multinational corporations and banks that finance foreign investments.

This protectionist element in the conservative camp becomes particularly strong in bad economic times, such as the recession of 1990–91. Just as security nationalists resist neocon adventures to intervene in too many places, economic nationalists check attempts to open markets in too many places too quickly. The division is not devastating but actually results in a more measured conservative policy toward liberalization, albeit always in the direction of freer trade.

CONSERVATIVES ARE more reluctant to coordinate international economic policies beyond trade (monetary and exchange-rate policies), especially with Europe. They blame the more centralized domestic and international institutions of Europe for the chronically lower rate of growth (about half the level in the United States) and higher level of unemployment (roughly twice the level in the United States) and for dragging down global growth and deflecting current account deficits onto the United States.

Moreover, attempts at coordinated stimulus among G-7 countries in both the late 1970s and late 1980s had bad consequences. The first fueled stagflation, and the second contributed to a U.S. recession and a Japanese bubble. Conservatives prefer to let national policies compete in an open marketplace. The EU's experiment with the euro, which locks everyone into a one-size-fits-all monetary policy, is exactly what conservatives seek to avoid in the G-7.

Accordingly, conservatives are not as concerned as others about U.S. current account and fiscal imbalances. What is important is growth. The world economy experienced a synchronized recession in 2001–02. To revive growth, economic policies, especially fiscal policies, were stimulative, not only in the United States, but in Europe and Asia as well. Such policies were appropriate and succeeded. The global economy is now recovering. The IMF recently forecast world growth of 5 percent in 2004, well above the annual average of the past two decades. Before the United States applies the brakes by raising taxes or interest rates (as the IMF calls for), Europe and Japan need to accelerate domestic demand through long-delayed structural reforms (more flexible labor and capital markets). China also plays a key role and needs to reform its banking sector and gradually revalue its currency to avoid a financial crisis such as that endured by other Asian tigers in the late 1990s.

Thus, a conservative economic strategy embraces globalization and does not concede ground to domestic labor and environmental groups. Ultimately, global markets are the best way to spread economic growth, finance environmental improvements, and inspire political free-

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dom around the world. Thus, a conservative grand strategy supports the integration of China, Russia and India into the world economy. It builds on the unprecedented success of Asian and now Latin American "tigers" (such as Mexico) and holds out the prospect that Middle Eastern and South Asian "tigers" (such as Egypt, Saudi Arabia and Pakistan) may follow in the future. Pie in the sky? They said the same about Asia after World War II. Yes, it is long term and uncertain—but it is possible.

Diplomacy: Flexible Not Formal

A CONSERVATIVE grand strategy does not eschew diplomacy, but advocates a highly flexible diplomacy that puts more emphasis on voluntary cooperation (such as coalitions of the willing) and mutual interests (for example, the 2002 strategic arms agreement with Russia) than compulsory international laws, treaties, institutions, norms and courts.

Conservatives suspect international law that is administered by international institutions in which a majority of members are non-democratic. Law has to be subject to democratic political accountability. None of the institutions that liberals support to deal with international crime (International Criminal Court), the environment (Kyoto Protocol) and arms control (Comprehensive Test Ban Treaty) operates on the basis of democratic majorities or is accountable to democratic institutions and constituencies. Global initiatives are not absent from a conservative grand strategy, but they often take the form of missions, such as the Proliferation Security Initiative, rather than institutions.

Hence, for most conservatives, diplomacy starts with domestic values and accountability, and builds up toward regional and perhaps international institutions. The legitimacy behind all diplomacy is not military power or multilateral institutions. It is the moral convictions that motivate and discipline the use of power and institutions. In this sense American diplomacy is legitimated by the nature and appeal of democracy. Conservatives at the more nationalist end of the spectrum believe that American democracy is unique and not applicable to many other societies. They are not eager to engage in nation-building. Conservatives at the other, primacist end of the spectrum believe that democracy is universal. They consider nation-building a moral obligation. Interestingly, President Bush seems to have migrated from the former to the latter end of the spectrum. Skeptical of nation-building and calling for a more humble policy before 9/11, he now advocates freedom for all, especially Muslim, societies. Whether this is a matter of conviction or a consequence of war and the need to reconstruct defeated societies can be debated. Most likely, Bush is making the best of a war that ended quickly and victoriously.

Normally, however, most conservatives are skeptical about *direct* nation-building and democracy-promotion. They expect freedom to emerge from indigenous struggle and competitive markets. Traditional conservatives (realists) are satisfied with political stability. In the wake of war, however, conservatives of all stripes have made common cause historically with liberal internationalists to rebuild defeated powers in America's image. The commitment is logical. What else is one to do after victory? Snatch defeat from the jaws of victory by withdrawing quickly and permitting old adversaries to return?

Whether nation-building is appropriate in the Islamic world and the Middle East is much debated, even among conservatives. And well it should be. Iraq is not Germany, which had a democratic tradition, or Japan, which was a highly modernized society. If it took fifty years to develop democracy in

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those countries, it might take one hundred in Iraq. Nevertheless, the objective of democracy, however distant, is important. One cannot base a policy of reconstructing defeated adversaries on cynicism, especially if one expects the effort to take one hundred years. A stable, more open and tolerant Iraq, like Afghanistan, may be enough. In the meantime, all conservatives share a commitment to freedom with Israel and thus resist European pressure to negotiate with and reward Palestinian extremism.

The Way Ahead

CONSERVATIVES HAVE too much in common to wage war over foreign policy and cripple the Bush Administration's second term. All conservatives understand that the War on Terror is a major one. None see it, as Clinton liberals did in the 1990s and Kerry Democrats more recently, as largely a criminal activity to be dealt with by international consensus and law. Neocons want to fight the war aggressively, that is, as far away from America's shores as possible. Nationalists want to fight it defensively, that is, as close to home as possible. The two groups ultimately temper one another and generate a conservative engagement strategy that is more selective. This strategy combines geopolitics and support for democracy, advocating U.S. intervention when the situation is strategic *and* when a change in the political direction of a state or region toward democracy might be decisive.[6]

Still, realists are not thereby the winners. While they have always argued that American foreign policy should be grounded in survival or vital national interests, that stance can only take you so far. As Charles Krauthammer writes,

> Realists are right that to protect your interests you often have to go around the world bashing bad guys over the head. But that technique . . . has its limits. At some point, you have to implant something, something organic and self-developing. And that something is democracy, . . . The spread of democracy is . . . an indispensable means for securing American interests. The reason is simple. Democracies are inherently more friendly to the United States, less belligerent to their neighbors, and generally more inclined to peace.[7]

So realists need neocons. The impulse to drive neocons out of the conservative camp is ill advised. Ronald Reagan, a neocon *par excellence* (and hence initially alien to realists such as Richard Nixon and Henry Kissinger), transformed conservatism from a "remnant" into a majority by insisting that foreign policy was more than geopolitics or stability. Modern conservatism is about the future of freedom enriched but not eclipsed by the treasure of tradition. The surest way for conservatives to become a minority again is to forget this Reagan legacy.

But neocons also need realists and nationalists. Foreign policy is still on a daily basis the art of the possible, not the desirable. We cannot impose democracy in every cultural situation. We can urge it, and, most importantly, we can offer the example of our own democracy. But if democracy means anything, it means home-grown. We have to take the risk that it may be rejected. After all, that is the same risk we run daily in our own democracy. Citizens are free to reject it. We rely, as Jefferson reminded us, on the public square to root out the anti-democratic

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[6]Charles Krauthammer, "In Defense of Democratic Realism." I arrived at a similar formulation to guide intervention in *At Home Abroad: Identity and Power in American Foreign Policy* (Ithaca, NY: Cornell University Press, 2002).

[7]"Democratic Realism: An American Foreign Policy for a Unipolar World", Irving Kristol Lecture, American Enterprise Institute, Washington, DC, February 12, 2004.

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zealots. Other countries cannot be so tolerant. Germany bans Nazi groups. Authoritarian Islamic states may require some time before free elections can bring to power groups other than the fundamentalist extremists.

Even if we could succeed in encouraging democracy in almost any country, we would most certainly need allies to do it. What is most puzzling about neocons is not that they believe democracy is possible anywhere (Fukuyama's complaint), but that they would undertake the democracy project without our existing democratic allies. They seek to create new, weak democracies in places like Iraq while turning their noses up at old, strong democracies in Europe. But what is the use of spreading democracy if we cannot get along with existing democracies? Of course, France is a pain and, in Iraq, probably awash in corruption. But France plays a role that does not have to destroy the democratic alliance unless we let it. Despite France withdrawing from NATO's command structure, the alliance still fulfilled its historic role. And France was always there at crucial moments, such as the Cuban Missile Crisis and the deployment of NATO missiles in 1983. So while we have to act at times without some allies, we do not have to enjoy it or celebrate it. We can agree to disagree and continue to try to bring them on board, while we accommodate their absence.

All of these differences among democratic allies and among conservative foreign policy advocates are understandable and bearable. What is not bearable is that we succumb to indifference, as nationalists are prone to do, or to intolerance, as neocons are prone to do, or to cynicism, as realists are prone to do. Conservatives need each other in foreign policy, especially when they consider the liberal alternative. The successful prosecution of U.S. foreign policy in the second Bush Administration depends on conservatives recognizing the complementarity of their respective contributions. □

A House Divided

Our cause, then, must be intrusted to, and conducted by its own undoubted friends . . . . Two years ago, the Republicans of the nation mustered over thirteen hundred thousand strong. We did this under the single impulse of resistance to a common danger, with every exernal circumstance against us. Of strange, discordant, and even, hostile elements, we gathered from the four winds, and formed and fought the battle through, under constant hot fire of a disciplined, proud, and pampered enemy. Did we brave all then, to falter now?—*now*—when that enemy is wavering, dissevered and belligerent? The result is not doubtful. We shall not fail—if we stand firm . . . .

—Abraham Lincoln
June 16, 1858

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Downloading Democracy

Robert Conquest

THE COMMON addiction to general words or concepts tends to produce mind blockers or reality distorters. As Clive James has put it, "verbal cleverness, unless its limitations are clearly and continuously seen by its possessors, is an unbeatable way of blurring reality until nothing can be seen at all."

"Democracy" is high on the list of blur-begetters—not a weasel word so much as a huge rampaging Kodiak bear of a word. The conception is, of course, Greek. It was a matter of the free vote by the public (though confined to males and citizens). Pericles, praising the Athenian system, is especially proud of the fact that policies are argued about and debated before being put into action, thus, he says, "avoiding the worst thing in the world", which is to rush into action without considering the consequences. And, indeed, the Athenians did discuss and debate, often sensibly.

Its faults are almost as obvious as its virtues. And examples are many—for instance, the sentencing of Socrates, who lost votes because of his politically incorrect speech in his own defense. Or the Athenian assembly voting for the death of all the adult males and the enslavement of all the women and children of Mytilene, then regretting the decision and sending a second boat to intercept, just in time, the boat carrying the order. Democracy had the even more grievous result of procuring the ruin of Athens, by voting for the disastrous and pointless expedition to Syracuse against the advice of the more sensible, on being bamboozled by the attractive promises of the destructive demagogue Alcibiades.

Even in failure, the thought-fires it set off went on burning. But the views it posed did not really return to Europe and elsewhere until a quarter of a millennium ago. Thus it was not its example but its theory that hit the inexperienced thinkers of the European Enlightenment. Unfortunately, the inheritance was less about the Periclean need for debate than about the need to harness the people (to a succession of rulers). And though the broader forces of real consensual rule began to penetrate, from England and elsewhere (such as the early New England town meetings or those of Swiss rural cantons), they had to compete in the struggle for the vote with inexperienced populations and "philosophical" elites.

The revival of the *concept* of democracy on the European continent saw this huge stress on the *demos*, the people. They could not in fact match the direct

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participation of the Athenian *demos*, but they could be "represented" by any revolutionary regime claiming to do so—often concerned, above all, to repress "enemies of the people." Also, the people, or those of military age, could be conscripted in bulk—the *levée en masse* that long defeated more conventional armies. As the 19th century continued, the people could be polled in plebiscites and thus democratically authenticated. Napoleon III, of course, relied on this, and it is clear that he actually had high majority support. In any case, the new orders, democratic or not, had to seek or claim authentication by the people, the masses, the population.

ANOTHER ASPECT of premature "democracy" is the adulation of what used to be and might still be called "the city mob" (noted by Aristotle as *ochlocracy*). In France, of course, in the 1790s, a spate of ideologues turned to the Paris mob, in riot after riot, until the 18th Brumaire, Napoleon's coup of 1799. The ploy was that, as A. E. Housman put it, a capital city with far fewer inhabitants could decide the fate of the country's millions.

That democracy is not the only, or inevitable, criterion of social progress is obvious. If free elections give power to a repression of consensuality, they are worse than useless. We will presumably not forget that Hitler came to power in 1933 by election, with mass and militant support. The communist coup in Czechoslovakia in 1948 was effected by constitutional intrigues backed by "mass demonstrations." We need hardly mention the "peoples' democracies" and the 90 percent votes they always received. As to later elections, a few years ago there was a fairly authentic one in Algeria. If its results had been honored, it would have replaced the established military rulers with an Islamist political order. This was something like the choice facing Pakistan in 2002. At any rate, it is not a matter on which the simple concepts of democracy and free elections provide us with clear criteria.

"Democracy" is often given as the essential definition of Western political culture. At the same time, it is applied to other areas of the world in a formal and misleading way. So we are told to regard more or less uncritically the legitimacy of any regime in which a majority has thus won an election. But "democracy" did not develop or become viable in the West until quite a time after a law-and-liberty polity had emerged. Habeas corpus, the jury system and the rule of law were not products of "democracy", but of a long effort, from medieval times, to curb the power of the English executive. And democracy can only be seen in any positive or laudable sense if it emerges from and is an aspect of the law-and-liberty tradition.

Institutions that differ in the United States and the United Kingdom have worked (though forms created in other countries that were theoretically much the same have often collapsed). That is to say, at least two formally different sets of institutions have generally flourished. It seems that the main thing they share is not so much the institutions as the habits of mind, which are far more crucial, and, above all, the acceptance of the traditional rules of the political game.

More broadly, in the West it has been *tradition* that has been generally determinant of public policy. Habituation is more central to a viable constitution than any other factor. Even the Western "democracies" are not exactly models of societies generated by the word, the abstract idea. Still they, or some of them, roughly embody the concept, as we know it, and at least are basically consensual and plural—the product of at best a long evolution.

The countries without at least a particle of that background or evolution cannot be expected to become instant democracies; and if they do not live up to it, they will unavoidably be, with their Western sponsors, denounced as failures. Democracy

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in any Western sense is not easily constructed or imposed. The experience of Haiti should be enough comment.

What we can hope for and work for is the emergence, in former rogue or ideomaniac states, of a beginning, a minimum. The new orders must be non-militant, non-expansionist, non-fanatical. And that goes with, or tends to go with, some level of internal tolerance, of plural order, with some real prospect of settling into habit or tradition.

DEMOCRACY cannot work without a fair level of political and social stability. This implies a certain amount of political apathy. Anything resembling fanaticism, a domination of the normal internal debate by "activists" is plainly to be deplored. And democracy must accept anomalies. As John Paul Jones, the American naval hero, sensibly put it in 1775, "True as may be the political principles for which we are now contending, . . . the ships themselves must be ruled under a system of absolute despotism." The navy, indeed, is an extreme case; no democratization in any real degree makes sense, any more than it does in, say, a university, at the other end of the spectrum.

Democratization of undemocratizable institutions is sometimes doubtless the expression of a genuine utopian ideal, as when the Jacobins by these means destroyed the French navy. But more often it is (in the minds of the leading activists, at least) a conscious attempt to ruin the institutions in question, as when the Bolsheviks used the idea to destroy the old Russian army. When this, among other things, enabled them to take power themselves, they were the first to insist on a discipline even more vigorous.

In its most important aspect, civic order is that which has created a strong state while still maintaining the principle of consensus that existed in primitive society. Such an aim involves the articulation of a complex political and social order. The strains cannot be eliminated but can be continually adjusted. Political civilization is thus not primarily a matter of the goodwill of leadership or of ideal constitutions. It is, above all, a matter of time in custom.

All the major troubles we have had in the last half century have been caused by people who have let politics become a mania. The politician should be a servant and should play a limited role. For what our political culture has stood for (as against the principles of total theorists and abstractionists) is the view of society as a developing and broadening of established liberties and responsibilities, and the belief, founded on experience, that in political and social matters, long-term predictions, however exciting and visionary, seldom work out.

Democracy is almost invariably criticized by revolutionaries for the blemishes found in any real example, as compared with the grand abstraction of the mere word. Real politics is full of what it would be charitable to call imperfections. And there are those who, often without knowing it, become apologists and finally accomplices of the closing of society. As Alexander Hamilton wrote in *The Federalist* (No. 1),

> A dangerous ambition more often lurks behind the specious mask of zeal for the rights of the people, than under the forbidding appearance of zeal for the firmness and efficiency of government. History will teach us, that the former has been found a much more certain road to the introduction of despotism, than the latter.

But with a civic culture it is more clearly a matter of a basis on which improvements can be made. For a civic society is a society in which the various elements can express themselves politically, in which an articulation exists between those elements at the political level: not a

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perfect social order, which is in any case unobtainable, but a society that hears, considers and reforms grievances. It is not necessarily democratic, but it contains the possibility of democracy.

WE CANNOT predict. The near future teems with urgent problems, with as yet irresoluble balances of force and thought. The law-and-liberty cultures may flourish, and as yet unpromising regions may over a period bring not merely the forms but the habits of consensuality to their populations. Let us hope.

Everywhere we always find the human urges to preserve at least a measure of personal autonomy, on the one hand, and to form communal relationships, on the other. It is the latter that tends to get out of hand. To form a national or other such grouping without forfeiting liberties and without generating venom against other such groupings—such is the problem before the world. To cope with it, we need careful thinking, balanced understanding, open yet unservile minds.

And this is also why we still need to be careful about the signing of international treaties and the acceptance of international tribunals that appeal to a certain internationalist idealism, but one that needs to be carefully deployed. It is surely right to note that the acceptance of international obligations, and nowadays especially those affecting the policies, interests and traditional rights and powers of the states of established law and liberty, must be preceded by, at the least, negotiation that is careful, skeptical and unaffected by superficial generalities, however attractive at first sight. Permitting international bodies to intrude into the law-and-liberty countries also involves the institutionalization, on purely abstract grounds, of an as yet primitive *apparat.*

A very important trouble with international arrangements of all types has also been that Western governments sign on to policies that have not been properly (or at all) argued or debated by their publics or legislatures. Thus these arrangements are a means of giving more power to their own executive branches and, of course, more power to the international bureaucracies and permanent staff.

In particular, the UN, like the EU, approaches "human rights" on the basis of the general high-mindedness of the Continental Enlightenment. Declarations are made, agreements are reached. It is taken for granted that many states—about half the membership of the UN—will not in fact conform. And in the regions where liberty largely prevails, the signatories find their own countries denounced, often by their own citizens. The result is that under abstract human rights definitions, every state in the West that submits to treaties of the human rights sort lays itself open to aggressive litigation. As the late Raymond Aron, who spent so much of his life trying to educate the French intelligentsia, put it, "every known regime is blameworthy if one holds it to an abstract idea of equality over liberty." □

From the west I saw fly
the dragons of expectation
and open the way of the fire-powerful;
they beat their wings,
so that everywhere it appeared to me
the earth and heaven burst.

—translation by Thomas Wright
of the *Poetic* (or *Elder*) *Edda*

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In Defense of Nationalism

John O'Sullivan

TO SAY THAT we live in an age of nationalism is both a platitude and a provocation. It is a platitude because there are more nation-states in the world of today than at any other time in history. Decolonization gave birth to several score new nation-states in Africa and Asia from the 1940s to the 1970s. The collapse of the Soviet Union and the break-up of the Yugoslav Federation released a number of "new" old nation-states from communist imprisonment across Central Europe to Central Asia. And unsatisfied nationalist movements today seek statehood from the Basque country to Palestine.

Yet nationalism also runs counter to other trends: namely, that the internet and globalization are shaping a borderless world in which multinational corporations are more powerful than governments; that transnational bodies from the European Union to the International Criminal Court are usurping powers that once belonged to sovereign states; and that new non-governmental organizations claim to represent public opinion on international questions more faithfully than democratic governments. So nationalism looks increasingly constrained functionally even as its geographical sway extends.

To complicate matters further, there are influential intellectual trends in the advanced world that deny the legitimacy of nationalism altogether as an atavistic concept. Their adherents regard nationalism as an obstacle to human rights, international harmony and economic rationality. They accordingly seek to reduce the scope of national sovereignty in international affairs, transferring power upwards to global bodies and downwards to ethnic and other subgroups. Both President Bill Clinton and Prime Minister Tony Blair justified their Kosovo intervention in terms not simply of halting ethnic cleansing, but of defending the positive principle of multi-ethnic statehood. And General Wesley Clark stated flatly: "There is no place in modern Europe for *ethnically pure* states. That's a 19th century idea and we are trying to transition into the 21st century, and we are going to do it with multi-ethnic states" (emphasis added).

To those who think of nationalism as a natural loyalty to one's nation and who therefore regard the Westphalian system of nation-states as an equally natural world order, this hostility to nationalism must be something of an intellectual mystery. Is railing against nationalism not as foolish as cursing the weather or complaining that water will not run uphill? Have not nations existed since time immemorial? Is it not reasonable as well as right that a people who lack their own state, such as the Kurds, should strive to acquire one or that a people who have

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their own state, such as the British, should seek to protect its sovereignty against legal erosion or military attack?

These questions probably strike most people in Western countries as common sense even today. But since the Second World War—not coincidentally—there has been an immense scholarly dispute over the naturalness of nationalism. Writing in *The National Interest* (Fall 1997), Anatol Lieven, the historian and journalist, summed up this debate:

> One side of the scholarly debate on the origins of nationalism stems ultimately from the belief that . . . the roots of modern national allegiances lie in old and deeply felt ethnic, linguistic, religious and cultural differences. . . . In Western academia in recent decades, however, this approach has not been so much dissected as slashed to pieces by a range of scholars who have . . . sought to expose the numerous ways in which nationalisms and, indeed, national traditions were artificially created in modern times.

Natural or artificial? These are the two points of view from which we are generally asked to choose. Good authorities can be cited to justify each of them. Suppose, however, that both viewpoints mix quite different things under the name of nationalism? Might they then not both be wrong—or at least oversimplified? Let me suggest that this is the case and that three quite different sorts of political commitment have been confused under one misleadingly similar heading.

These three concepts are, first, the political doctrine that the nation is the only legitimate basis for statehood; second, the political emotion of collective loyalty that might be attached to a nation, a race, a class, a religion or even a political ideology; and, third, the sense of national identity, sometimes called patriotism, that arises from living together under the same institutions and sharing a common language and culture over time.

THE CONCEPTS may seem indistinguishable at first hearing. And they are all linked, as we shall see. But they also differ fundamentally. To see exactly how, let us examine each one in detail, beginning with nationalism as a doctrine of statehood.

Elie Kedourie's classic book *Nationalism* opens with this simple but dramatic definition:

> Nationalism is a doctrine invented in Europe at the beginning of the 19th century. It pretends to supply a criterion for the determination of the unit of population proper to enjoy a government exclusively its own for the legitimate exercise of power in the state and for the right organization of a society of states. Briefly, the doctrine holds that humanity is naturally divided into nations; that nations are known by certain characteristics which can be ascertained; and that the only legitimate type of government is national self-government.

Those sentences are quite literally mind-altering. At least they altered my own mind when I first read them, persuading me that my own unexamined sense of nationalism as a natural emotion like love of family was simply a misconception. Once we grant Professor Kedourie's definition, moreover, we are drawn eventually to the conclusion that nationalism is not just an intellectual error, but also a destructive one.

To begin with, the doctrinal nationalism he condemns is rooted in a false and ideological conception of statehood. Its underlying error is to suppose that legitimate statehood must rest upon some universally valid principle. In fact, states are the product of history and accordingly rest upon many different foundations—dynasty, ethnicity, culture, religion, ideology, conquest and revolution.

No sensible statesman asks of a state: "Is it based upon a recognizable nation?" (Or, as Clinton and Blair might prefer, "is it multi-ethnic?") He asks rather: "Is it sta-

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ble? Does it have generally accepted boundaries? Does its government really control its territory? Does it enjoy the loyalty of its citizens?" And so on. If these questions can be answered more or less positively, then it scarcely matters whether the population of the state is ethnically pure, as for instance Norway, or composed of several ethnic groups, as for instance the United Kingdom. It is likely to be a reasonably successful state and an orderly presence on the international scene.

Doctrinal nationalism is also rooted in a false account of history. As a matter of historical fact, very few states can trace their origins to ethnically distinct peoples that have remained uncontaminated by their neighbors over the centuries. That is why historians and teachers were conscripted in the 19th century—and more recently in the Balkans—to trace their present nation back to ancient times with the help of maps, poems and ancient scripts. The objection to this is not that it is patriotic in effect—so is much good history—but that it is false and invented for a political purpose.

As it happens, in Europe, where doctrinal nationalism was itself invented, very few existing states fitted the nationalist theory. In Hugh Seton-Watson's words: "Every England had its Ireland, and every Ireland had its Ulster." Nationalism was therefore divisive—not in the modern sense of stimulating debate, but because it encouraged national minorities to seek the breakup of the state in which they were allegedly imprisoned, and because it gave neighboring states a pretext to intervene on their behalf. Conflict was perhaps inherent in the circumstances of Mitteleuropa. At the very least, however, doctrinal nationalism aggravated it.

If doctrinal nationalism is easy to dismiss or condemn, does that demolish nationalism of other kinds? After all, how many people who think of themselves as nationalists because they love their country hold the opinions of the 19th century German intellectuals who largely dreamt up this theory of nationalism? Most of them would never think of asserting that nationality is the only legitimate basis for statehood. Yet they experience strong emotions of loyalty and allegiance to their country.

RECOGNITION OF this truth is the beginning of the second theory. This theory sees nationalism as a form of collective political loyalty that is usually attached to the nation but that is capable of being separated from it and re-attached to some other unit of humanity. The most famous theorist of this form of nationalism is also its most famous critic, namely George Orwell in the essay "Notes on Nationalism."

Orwell begins by specifying that nationalism is not to be confused with patriotism. In his formulation, the former is aggressive and power hungry, the latter defensive and devoted to celebrating a particular way of life. In order to justify this distinction he has to define nationalism in a singular and arguably eccentric way: namely, as "The habit of identifying oneself with a single nation or other unit, placing it beyond good and evil, and recognizing no other duty than that of advancing its interests." He then extends this definition to cover almost every political unit of humanity. Nationalism in this extended sense, he argues, covers a variety of movements, including communism, Zionism, pacifism, political Catholicism and anti-Semitism. And he observes, finally, that the devotee of some transferred nationalism, such as a Stalinist or a pan-Europeanist, is able to be much "more nationalistic, more vulgar, more silly, more malignant, more dishonest than he could ever be of his native country or of any unit of which he had a real knowledge."

In other words, Orwell's essay is not really about nationalism as other people

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understand the word at all; it is an essay on power-worship. That becomes clear in Orwell's crucial concession that nationalism is probably least dangerous when it is attached to one's own country—when it is no more than a harsh variant of patriotism—and most virulent when it is attached to some other unit of humanity. If proof were needed for this proposition, it would come in the support that the political intellectuals on the Left have given to such foreign utopias as Stalinist Russia, Maoist China, Cuba and North Vietnam over the years, transforming themselves into ideological chauvinists and justifying torture and mass murder in the process.

LET ME NOW turn to the third concept of nationalism. This is the argument that people come to share a national identity, mutual loyalty and sense of common destiny as the result of sharing the same language and culture and of living under the same institutions over a long period of time.

This group to which people feel loyal may be a tribe, an *ethnos*, a people in an ethnic sense. Or it may be a group that was originally diverse ethnically but that has become a single people, through time and intermarriage, rather like an extended family. Or it may consist of the subjects of a dynasty who originally felt no attachment to the state but who developed one over time. Or it may consist of immigrants to a settler society, such as Australia or the United States, who assimilate to a common culture and identity established before their arrival. What matters is that over time they come to feel that they are part of the same collective body and feel a loyalty to it and to its symbols, whether the monarchy in the UK or the flag in the United States.

Because a shared language and culture are at the root of this political loyalty, a wider national identity naturally replaces more local identities in periods when we see the spread of communications. In the early 19th century, nationalism spread because it was transmitted by new organs of mass circulation, in particular, newspapers, pamphlets, novels, popular histories and so on. These enabled many more people to feel a sympathy for—and to forge an identity with—others beyond the boundaries of their village or province. Nationalism of this kind is, as we shall see, inseparable from improved communications.

Now, the constructivist historians object that this sense of common sympathy is an artificial construct planned by governments and built with the help of intellectuals and artists from Sir Walter Scott to Rudyard Kipling. A new sense of national identity was manufactured in Britain, for instance, by persuading the English, the Welsh, the Scots and (some of) the Irish that they were a people gifted with Protestant liberty in peril from continental Catholic absolutism. As the historian Noel Malcolm has pointed out, however, while the process of building may have been artificial, it drew upon real materials. The Catholic powers in 18th-century Europe were largely absolutist and Britain was a free society by contemporary standards. Louis XIV and Napoleon were threats to British independence. If artifice too played a part, the short answer to the constructivist historians is Burke's observation that "Art is man's nature."

Once we grant that conventional patriotism is real, even if artifice went into its construction, however, is it also virtuous? Orwell comes near to conceding that it is. Describing the nationalism of power-worship that he despises, Orwell remarks in passing that "Its worst follies have been made possible by the breakdown of patriotism and religious belief." He hesitates almost immediately, warning that "if one follows this train of thought, one is in danger of being led into a species of con-

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servatism." But the damage has been done. He has conceded what conservatives have long contended. When patriotic sentiments have been expelled from polite discourse, all manner of brutish ideologies rush in to occupy the vacant space—whether that space is the public square or the human heart.

Indeed, we might consider the three types of nationalism we have been discussing not as three distinctive concepts but as three stages in a process of collective ideological conversion. First, an existing national identity ceases to satisfy its former adherents for a variety of possible reasons—defeat in war, internal religious oppression, political boredom, the influence of bad companions, and so on. We might concede (with a bow to the constructivists) that such national identities, once abandoned, seem invented and imposed to those no longer under their sway. In the second stage these ex-patriots, now vulnerable to the attractions of the power-worshipping ideologies listed by Orwell, adopt one of them as a new, more authentic and more rational identity. And when they do so, the scales fall from their eyes. The possessors of this new self-conscious identity are soon seized by a missionary impulse to spread the good news. That leads them to the third stage of doctrinal nationalism. To convert others, they must first demystify the false identities still extant and demonstrate the rationality of their chosen identity. Hence they develop a doctrine to establish that their new identity is the only real and legitimate kind. And that doctrinal nationalism now sets out to replace the national identity whose weakness started the entire process.

There is an inevitable rivalry between ideological nationalism of this kind and taken-for-granted national identities rooted in a shared culture. Pre-existing loyalties are an obstacle to any new political identity that is striving to assert itself. These rivalries can sometimes be murderous—real men and real women perished in Stalin's campaign to kill nations to create a new Soviet man. With the demise of Soviet communism and the corresponding decline in some power-worshipping ideologies cited by Orwell, however, it might seem that there are no more power-worshipping ideologies and doctrinal identities to disturb us—and that more traditional identities can therefore rest secure. In fact, however, there are two important new examples of doctrinal nationalism entering the lists: multiculturalism in the United States and the European Idea across the Atlantic.

THE WORD multiculturalism means many things, but in its largest sense it is an alternative national identity for the United States. It seeks to replace the present political system of liberal democracy based upon rights-bearing individual citizens with one of multicultural democracy in which the fundamental unit is the ethnic or cultural group with its own worldviews, values, history, heritage and language. It holds that people should express their political aspirations through membership in such groups. And it predicts that in the future, national sovereignty will devolve upwards towards transnational bodies and downwards towards these now semi-autonomous groups.

It is hard to take these ideas seriously, because they clash sharply with the liberal U.S. Constitution, in part because, if implemented, they would transform the United States into a larger version of Lebanon or Northern Ireland, and in part because there has been a unifying upsurge of American nationalism since September 11. But the fact that something cannot work does not mean it will not be tried. Multiculturalism remains the orthodoxy in law schools, corporate America and elite institutions. If nothing else, it is likely to sharpen the sense of ethnic grievance, to chip away at national cohesion, and to

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obstruct improvements in homeland security. Insofar as multiculturalism is a rising nationalism, then, it is one that threatens not foreign countries but internal security and stability in the United States.

The "European Idea" rests somewhat more openly upon hostility to existing European nations and their national identities. Its justifying claim is that the European Union has overcome the shameful legacy of the European nations that were responsible for two world wars and threaten the peace of the Balkans today. Since its foundation in the 1950s the EU has been a bulwark against the recrudescence of such dangerous nationalism, ensuring that nations like France and Germany will never go to war again. The United States should be grateful, since GIs will never again die in European civil wars.

Every single argument in this list is either highly questionable or plainly false. Half of the states involved in the First World War were multinational empires such as Austria, Hungary and czarist Russia. The Second World War was caused by the colliding ambitions of the two great transnational ideologies hostile to nationalism: Nazism, with its belief in a racial hierarchy transcending nations, and communism, with its belief in a class hierarchy transcending nations. It was local nationalisms in Britain and occupied Europe that provided most of the morale to resist fascist ideologies. Indeed, nationalism is being used as a synonym for interstate rivalry. But the European Union is not proposing to abolish the system of states, merely to create a larger state in a world of larger states—in other words, to replicate 1914 on a larger scale.

Nor is the EU the cause of the postwar peace in western Europe. Rather, it is the consequence of that peace. As the dates plainly show—NATO was established in 1949 and the EU's forerunner in 1957—what has ensured a European peace since 1945 is the military and diplomatic presence of the United States. And this security has enabled countries to trust their neighbors and form cooperative arrangements in the economic, political and military affairs from which they would otherwise have shrunk.

It is, finally, hard to characterize as anti-nationalist a political idea that asserts Europeans are a single people, united by a culture, whose manifest destiny is to form a single state with its own flag, anthem, currency, citizenship, foreign policy, armed forces, parliament and government. In every other context people who believe this kind of thing are called nationalists. If therefore the EU is the latest incarnation of European nationalism rather than an antidote to it—as its supporters claim—it should surely receive more skeptical scrutiny than it has done until now.

Particular skepticism should be directed towards the democratic credentials of this new Euro-nationalism. The traditional nation-state rooted in a shared language and culture has proved to be the most—indeed the only—reliable incubator of democratic government accountable to the people. Multiculturalism is hostile to majority rule in principle and yet has produced no plausible substitute for it except for power-sharing arrangements like those in Northern Ireland, which require an external umpire to enforce them. And as the Europeans admit with their phrase the "democratic deficit", the EU has still not developed an acceptable democratic structure. Its proposed constitution, for instance, retains the extraordinarily authoritarian arrangement whereby an unelected and largely unaccountable commission has a monopoly on initiating legislation.

Some defenders of the EU claim that this admittedly undemocratic provision is offset by the increased powers of the European parliament. But this greatly exaggerates the representative nature of the Euro-parliament. Though formally

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democratic by virtue of being elected, it has no continent-wide European public opinion to which it might be accountable. It debates in several languages—some of its key terms, such as "federalism" and "subsidiarity" mean quite different things in the different languages. It consists not of European political parties but of *alliances* of national political parties that represent quite different political attitudes in their respective countries. It is divided not by continent-wide political philosophies—there are none—but either by national concerns or by the interests of the EU political elite, including itself. And it is elected by a very small percentage of the eligible voters in elections that turn not on European issues but on the fortunes of national governments and opposition parties. The fundamental problem underlying all these difficulties is that there is no single European *demos*—no European people united by a shared language, culture and history—which the parliament can represent and to which it is accountable. Living under the same European institutions is not enough. And no *demos*, no democracy.

MANY PROPONENTS of the "European Idea" resist the notion that a shared language and culture are necessary components of nationality and democracy. When faced with the question of what holds the state together, they offer two answers: liberal institutions and social-democratic transfer payments. Under liberal institutionalism (Michael Ignatieff's "civic nationalism" seen from another angle), citizens are held together by a strong state which protects citizens and their rights and enables them to go about their business peacefully. They therefore owe the state their loyalty. Unless it brutally oppresses constituent groups, they have no right to secede and found their own state.

Yet this position presents almost as many problems as doctrinal nationalism. As Noel Malcolm points out: How strong is a state going to be if people are taught to think of it merely as a geographical area containing a certain number of human beings endowed with rights? If such a state holds in small nations against their will, it is likely to be further weakened by the reality that not all of its citizens will in fact be loyal. And as the recent fates of Yugoslavia and Czechoslovakia illustrate, a velvet divorce will sometimes have happier consequences than a loveless marriage maintained by force. It is probably no accident, as some people used to say, that the United States, founded as it is on the principle of popular consent, has until recently taken great care to inculcate the national language and a common culture in both immigrant and native-born citizens.

According to the second answer—financial flows—governments promote national solidarity first by transferring resources from favored to disadvantaged groups and, second, by encouraging all citizens to participate in entitlement programs, like Social Security, that subtly promote an ethic of equal citizenship. As long as the state retains the fiscal ability to keep the checks flowing, it can maintain national cohesion even without a shared national identity rooted in culture and language.

But what happens when the treasury runs out? The costs of financial flows are rising rapidly in the advanced world because of aging populations. Research shows that those paying the costs of financial flows are more willing to fund government transfers if they are linked to the recipients by the ties of sympathy and fellowship that exist in a shared national culture. The more diverse a society is, the less willing it is to spend money on welfare. In the new globalized economy, the fiscal costs of transfer payments will be easier to avoid by emigration, capital movements and competition between

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governments to attract scarce capital investments. So the time is approaching when financial flows, far from being a method of sustaining national harmony, will become a positive threat to it.

Social democratic states are already responding to these pressures by seeking to ensure that neither individual nor corporate citizens can escape their controls. They seek to close tax havens, transform trade agreements into vehicles for extending regulations, impose taxes on international financial flows, establish international regulatory bodies, "harmonize" regulations upward in bodies such as the EU, and so on. As a result, transnational bodies gain new powers, NGOs gain influence over more decisions, and international civil servants gain more profitable careers. It would be a rash man who bet against such a constellation of forces—and against the global social democracy that they imply. In effect governments are forming cartels—the EU is one such—to maintain near-monopoly prices for their services.

But these large cartel structures suffer even more fiercely from the same defects as "economic" states. They are remote, undemocratic and unsupported by a shared culture and language—indeed, they are bitterly divided by such factors. So they are likely to exhibit even more fissiparous tendencies than afflict the states forming them. What they will mainly transfer upwards is crises.

Both transnational political structures divorced from democratic consent and national political structures that are not rooted in a shared culture and language are likely to prove fragile and while they last, disruptive. Why governments and public intellectuals should have decided that they are morally obliged to erect both states and international agencies on exactly the opposite assumptions is a mystery. If they stick to this course, however, one day it will become a tragedy. □

Breathes there the man with soul so dead,
Who never to himself hath said,
'This is my own, my native land!'
Whose heart hath ne'er within him burn'd
As home his footsteps he hath turn'd
From wandering on a foreign strand?
If such there breathe, go, mark him well;
For him no minstrel raptures swell;
High though his titles, proud his name,
Boundless his wealth as wish can claim;
Despite those titles, power and pelf,
The wretch, concentrated all in self,
Living, shall forfeit fair renown,
And, doubly dying, shall go down,
To the vile dust from whence he sprung,
Unwept, unhonour'd, and unsung.

—Sir Walter Scott

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Individualism & World Order

John O. McGinnis

DISAGREEMENT about world order is a continuation of disagreement about domestic order. At its heart are the same questions. How much power should be given to centralized decision-making as opposed to decentralized decision-making and markets? Should regulatory authority be exercised through democratically accountable mechanisms or elite and bureaucratic ones? What is really at stake thus becomes much clearer when more traditional political concepts are used to elucidate such relatively opaque terms as sovereignty, multilateralism, global governance and customary international law.

Classical liberalism—the philosophy of limited and accountable government—provides an appropriate framework for analyzing the foundation of global order because liberalism actually began in discussion of international matters. After all, Adam Smith and David Ricardo initiated the case for classical liberalism two centuries ago when they attacked nation-states' restrictions on international trade.

This same framework of ideas provides coherent and consistent answers to the two most salient questions of international legal order. First, what kinds of international organizations and agreements are justified? Classical liberalism provides a principled framework that approves of trade agreements that keep capital markets open, because these agreements create a market for governance for competing sovereigns. It is more skeptical of other global multilateral agreements, be they environmental accords, human rights conventions or an agreement on an international criminal court, because the bureaucracies needed to run them may create new centers of unaccountable powers.

Second, by what process should agreements be reached and interpreted? What role should non-governmental organizations (NGOs) play in generating international law? Before the rise of classical liberalism, specific factions, like the aristocracy, or self-appointed interpreters of natural and divine law, such as augurs or kings, generated law. The classical liberal project has advanced through replacing this structure with representative government and careful checks and balances. Treaties have the potential to make full use of these processes, and a world of increasingly democratic nations is beginning to realize that potential. In contrast, reliance on a customary international law shaped by NGOs and law professors is anachronistic—a return to generating norms by narrow factions and a secular priestly caste.

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Agreements & Institutions

CLASSICAL liberalism proceeds from two principles. First, individuals should be free to interact with one another as they choose, subject to the proviso that they cannot harm others through force or fraud. Second, government's object is to protect these freedoms and the property they generate. The dilemma for the latter objective is that a government powerful enough to achieve this goal can also threaten freedom and property. Thus, another objective of classical liberalism is to restrain the exercise of official power and assure that it is confined to its proper function of providing public goods—those that the market and family cannot supply.

Thus, the classical liberal international order should advance freedom by breaking down barriers to exchange and other voluntary interactions among people of various nations. And it should welcome ways of restraining governments from acting beyond their legitimate purposes, so long as these restraints do not unduly empower international bureaucracies.

It might be thought that classical liberalism thus simply translates in international matters to a Wilsonian concern with advancing democracy at every turn. But even in a democracy large and diverse enough to inhibit majority tyranny, minority factions in the form of special interests can use their greater leverage to gain government resources at the expense of the public. Mechanisms beyond simple democracy are therefore needed to assure, in the political scientist Mancur Olson's phrase, that a nation is governed by an "encompassing interest" rather than by special interests. Such an encompassing interest—the diffuse majority or supermajority of citizens—has less incentive than special interests to engage in the expropriation of resources through government action. It would then be extracting resources largely from itself. The best international mechanisms thus do not promote simple democracy but instead promote governance by the encompassing interest within various nation-states.

Peaceful competition among sovereign nations furnishes a primary mechanism for empowering the "encompassing interest" of a nation and for reducing the ability of interest groups to take resources from the government. Under what political scientists term "jurisdictional competition", sovereigns compete by providing efficient levels of public goods. If they do not, investment will dissipate and companies will flee the jurisdiction. Such competition thereby restrains leaders from unduly rewarding themselves or their supporters and encourages policies that will make their people prosperous. Competition also permits each nation the opportunity to learn from good policies that others adopt.

Decentralized lawmaking by sovereign nations also has the virtue of allowing different nation-states to satisfy the preferences of diverse peoples in the world. It is not too much to say that jurisdictional competition and the satisfaction of diverse human needs are the defining virtues of modern sovereignty. In sharp contrast, centralized power exercised in the international sphere has the potential over time to become even more vexatious than domestic centralized power, for three reasons.

First, the international arena is opaque to most citizens, and this lack of transparency empowers leaders and the factions that support them. Concrete examples of the difficulty that citizens have in controlling international organizations abound. Brussels-based bureaucrats are more distant than those in the EU's home nations. It is thus not surprising that they engage in all sorts of financial shenanigans, including the recent expense-account abuses, that would never

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be tolerated at home. Second, more is at stake in formulating international rules. If a faction or interest group succeeds in obtaining a regulation that disadvantages competitors on a global scale, it can gain a world's worth of monopoly profits. Finally, international regulations can extinguish jurisdictional competition that restrains overreaching behavior by domestic agencies.

From these considerations flow three general criteria to determine whether international agreements and organizations concerning trade, human rights, regulation and an international criminal court are justified.

Mutuality of Gains: Internationalizing structures of regulatory authority are generally appropriate only when the gains could not be realized by the nations acting on their own. This flows from a basic principle of subsidiarity. Localized institutions are generally easier to control and are more likely to reflect diverse preferences.

Facilitating the Encompassing Interest: International agreements and institutions should facilitate the governance of participating nations by an encompassing interest. Thus, agreements that intensify international jurisdictional competition are always welcome. In contrast, in areas where jurisdictional competition is not possible, establishing international rules can sometimes be more desirable.

Light Elaboration Mechanisms: The final criterion concerns the substantiality of the mechanism needed to make international agreements work. If complex international mechanisms creating substantial regulatory authority are needed to sustain the agreement, they run a higher risk of capture by special interest groups, because such institutions are distant from the citizens affected by them. Accordingly, even when nations have the possibility of realizing mutual gains from an international framework, these gains may be outweighed by the costs generated by the international framework itself. For instance, nations may lack incentives to control a particular kind of cross-border pollution unless they act together, but the utility of an international pollution control agreement nevertheless depends on comparing all the costs of enforcement, including the costs of special interest capture, with the gains from pollution control.

Specific Global Agreements

HAVING established the general criteria, let us proceed to examine the classical liberal approach to agreements and institutions concerning international trade, human rights, regulation of such matters as health, safety and the environment, and a criminal court.

Global Trade Agreements: Trade agreements, including agreements to permit free trade in goods and services and to preserve open capital markets, are the international agreements easiest to defend. First, they create wealth among all nations that are parties to them. According to the well-established theory of comparative advantage, nations prosper when they specialize in the goods and services they can produce most efficiently. Thus, the mutuality of wealth creation gives all nations a stake in sustaining these agreements.

It is true that unilateral free trade is beneficial, but multilateral free trade creates even greater benefits. The more fundamental reason for trade multilateralism, however, lies in domestic political economy. Protectionist interest groups in modern democracies can get politicians to create obstacles to trade by exchanging their political support for high tariffs. But by offering the possibility of reduced tariff barriers in other countries in exchange for lower tariffs at home, global trade agreements mobilize exporter groups to fight protectionist groups on behalf of free trade. Thus, not only does free trade per-

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mit mutual gains, but as a political matter these mutual gains are contingent on the actions of other states. The *political* contingency of tariff reductions in one country on tariff reductions in other countries provides the best rationale for trade policies to be pursued through a world structure, like the World Trade Organization.

The second advantage of trade agreements is that they need relatively simple elaboration mechanisms that are unlikely to be captured by interest groups. Reducing tariffs takes no positive regulation at all. It is true that some nations may seek to replace tariff barriers with discriminatory health and safety regulation. But eliminating such non-tariff barriers to trade does not require a huge administrative apparatus either, because the WTO can police them by requiring that nations not discriminate in their rules against foreign imports. The WTO does not need an elaborate bureaucracy to formulate substantive health and safety regulations itself.

Other elements of global economic integration also empower the encompassing interest within nations by facilitating jurisdictional competition. For instance, multilateral agreements on capital flows increase the mobility of capital. Mobile capital, in turn, increases the pressures of jurisdictional competition among nations, because people tend to invest in nations with sensible regulatory and tax burdens and with respect for the rule of law. While such agreements sometimes require regulatory changes in a nation's legal system, their overall thrust is deregulatory and therefore they do not require substantial international regulatory structures. Thus, open capital markets and investment agreements help make sovereignty work on behalf of the encompassing interest of society even though individuals cannot easily move from one nation to another.

Such multilateral economic agreements might ultimately create a world constitutive mechanism that resembles aspects of the original Constitution of the United States. The Constitution promotes decentralized order by creating a market for governance where open capital markets and free trade force state governments to deliver good and efficient government. As the economist Barry Weingast has noted, this system sustained very substantial growth and limited governmental expenditures through much of the 19th and early 20th centuries. Similarly, the jurisdictional competition afforded by the world trading system in the era of globalization performs these same beneficial functions today.

Human Rights: The term "human rights" covers a variety of very disparate matters from property rights to welfare rights to civil rights. The advisability of international rules on human rights depends upon the substance of the rights protected. Unfortunately, some international agreements, like the Covenant on Economic, Social and Cultural Rights, include welfare rights, and many internationalists wish to expand them. These are the worst kind of rights to frame at the international level.

First, they violate principles of subsidiarity. Even assuming that government should guarantee some kind of welfare rights, it is clear that the particular guarantees must depend upon the budgetary constraints of individual nations. But if welfare rights are to take account of the differing circumstances of various nations and their traditions, substantial discretion must be given to international institutions that would enforce them. This discretion, in turn, empowers international bureaucrats and other elites who will determine the appropriate level of guarantees. Second, international agreements should not lock in specific economic and social policies that are likely to change with the political winds.

Civil rights connected to democracy, like voting, and the panoply of rights con-

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nected to the criminal justice system are more plausible for inclusion in international agreements than welfare rights but less plausible than international trading rights. Unlike international trade agreements, civil rights agreements lack the strongly contingent nature that provides the best justification for multilateralism. The international elaboration of civil rights by a multilateral mechanism in one nation does not directly generate civil rights in another.

Nevertheless, the case for global decentralization is weaker for civil rights than for economic matters. The relative immobility of persons in a world with relatively strict immigration laws inhibits jurisdictional competition in civil rights, whereas the relative mobility of companies and capital aids jurisdictional competition in economic regulations. Because of the inefficacy of jurisdictional competition in this area, internationalizing core civil rights, including the right to be free from torture or genocide, is beneficial.

But there are alternative ways of promoting civil rights more generally that carry less risk of international structures that may impose mistaken or ill-fitting conceptions of rights on particular countries. International trade agreements may themselves provide a mechanism. These agreements facilitate the expansion of civil rights not through fiat but through encouraging the wealth creation that will generate pressure for such rights internally. Historically, this theory accords with the evidence that a rising middle class demands civil and political rights to help secure its swelling wealth against the dangers of tyrannical government and political instability.

Moreover, a bottom-up model of diffusing human rights through economic growth will lead to a bundle of rights that better fits the needs of each nation. Rights generated internally are more likely to take account of the particular preferences and traditions of individual countries. They are also likely to be more resistant to political backlashes, because they will be more securely rooted in the soil of these countries.

The potential of international trade agreements to cascade into civil rights has one other important advantage over the direct international pursuit of human rights, since the most glaring defect of human rights agreements is that they often do not help the peoples who are most oppressed. In fact, a recent study by Oona Hathaway of Yale Law School has shown that nations that signed human rights treaties sometimes had worse human rights practices than would otherwise be predicted, because they used their accession to deflect criticism of their actions.

In contrast, despots are more likely to honor trade agreements because expanding trade will make their nations richer and therefore redound to their personal advantage by permitting them to increase their tax revenues, not to mention their personal wealth. By offering attractive bait to hook despotic regimes, trade agreements may actually provide a more effective, if circuitous, route to securing civil and political rights than civil and political rights conventions themselves.

International Regulatory Agreements: The push for new international regulatory regimes often goes by the name of "harmonization." This term conjures up an image of citizens of many nations happily singing in harmony. But nations, like individuals, differ in their circumstances and endowments, and therefore the process of imposing similar regulations is likely to give rise to the opportunity for some nations to take resources from others. Some domestic groups will also systematically benefit from harmonization because they will be in a position to influence them to their advantage. For this reason, regulatory harmonization is always in danger of becoming the song of the oligarchs.

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Accordingly, with one important exception, international agreements on regulatory issues are more problematic than trade agreements because they require many more complex institutions of elaboration that give additional leverage to special interests. First, mutual gains are unlikely to arise from international multilateral regulations in such circumstances. Countries differ in their level of development, traditions and preferences of their people and are likely to choose different regulations. While it is true that a multilateral regulatory regime could theoretically permit different nations to forge different regulations, the principle of subsidiarity suggests one jurisdiction should not frame and potentially distort another jurisdiction's regulatory regime.

Second, unlike the case of international agreements on trade, international regulation interferes with the operation of markets. This feature also necessarily makes its enforcement more bureaucratic, because the relevant agreements will need to formulate regulations rather than simply remove barriers. International regulatory regimes also may reduce jurisdictional competition among sovereign nations. Thus, if trade agreements have the virtues of the original Constitution, then regulatory multilateralism has all the dangers of command and control regulation with the added disadvantage of distance from citizens.

The one area in which the welfare gains from coordinating a uniform standard might outweigh the losses concerns cases of externalities or spillovers—where one nation, for instance, pollutes the territory of another. That is the justification given for the Kyoto agreement on climate change. Because of such spillovers, no nation in the absence of an international agreement has the appropriate incentives to control pollution: Since each country does not pay the full cost of its pollution, each country lacks the appropriate incentives to reduce pollution to reflect its real costs and benefits.

Nevertheless, even in such circumstances multilateral regulatory agreements do not always provide the proper solution. International regulatory regimes create the potential for political externalities, costs that one faction imposes on others through manipulating the regime. For instance, newly emerging industries may see particular kinds of pollution regulations as a way of driving up the costs of their rivals in other nations. Such political externalities are potentially very vexing in the case of international agreements, because the public cannot easily control international bureaucracies.

International agreements on regulations thus should meet four conditions. First, the externalities or spillovers from one nation to another must be clear. Second, the agreements must offer a real prospect of solving the externality problem. Third, other less centralized mechanisms fail to accomplish the job. Fourth, the regulatory regime must devise restraints to prevent multilateral institutions addressing externalities from becoming an engine of interest group power. Even under these conditions, however, global regulatory multilateralism does not reinforce the decentralized order and generate the cascading benefits of global trade agreements.

International Criminal Court: While the United States has not yet acceded to treaties establishing the International Criminal Court (ICC), most nations of the world have agreed to it. While limited in jurisdiction to certain heinous crimes, the ICC suffers from many of the same problems as other international regulatory regimes because criminal law is a species of regulation. The apparatus for enforcing international criminal law, like that for enforcing international regulations, will prove less accountable than criminal law enforcement in nations with democratic and accountable governments.

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In particular, the ICC necessarily contemplates, like other systems of criminal justice, lodging substantial discretion in a prosecutor. A domestic prosecutor—himself elected or appointed by an elected leader—faces constraints that make it easier for the public to monitor his conduct. Moreover, his performance naturally interests the public whose happiness is acutely affected by their local crime rate.

In contrast, the lack of effective constraints on an international prosecutor is striking. While governments would appoint him through consensus, he would be accountable to no particular official. Because his docket would consist of cases that, for all their moral importance, would not be likely to affect the crime rates in many jurisdictions, he will come under less popular scrutiny. Nevertheless, ethnic and ideological interest groups will intensely focus on the symbolic value of prosecutions in the areas over which the court has been given jurisdiction.

In this way, the ICC may become a threat to the very rule of law its advocates want to inculcate in the international order. Its multilateral structure is not amenable to the control by the encompassing interest of citizens in the nations that are a party to it. It is surprising that enthusiasm for an international criminal prosecutor continues unabated in many quarters of the United States when we have become disillusioned with our own institution of the independent counsel. The lack of accountability and risk to neutral principles that an international criminal prosecutor poses are very similar to those created by the office of independent counsel, except this time the potential scope of abuse is global.

Concern about empowering a global prosecutor does not mean that the world legal order should not find innovative means to prosecute such crimes as genocide. Particular international tribunals, like the Rwanda tribunals, established for particular crimes in nations that lack democratic and accountable governments, can deter some of the worst crimes without creating an open-ended mechanism more subject to abuse. The touchstone here, as elsewhere, should be the creation of international structures that preserve accountability.

Generating International Law

BEYOND ADDRESSING the substantive shape of international rules, classical liberalism offers guidance on how best to create them. There are, broadly speaking, two ways of generating international rules. One is through express global agreements among the nations of the world. Another is through customary international law. Customary international law consists of rules that courts, international or domestic, or "publicists"—that is, international law professors—create based on their own assessment of what are widespread state practices.

The differences between these ways of generating international law may at first seem technical. But placed in a more general political context, they capture two very different views of the sources of political legitimacy—roughly corresponding to those now prevalent in the United States and "Old Europe." Creating international law through global treaties like the GATT suggests that contracts reached through express bargaining among nation-states will constitute the international order. Under this paradigm, solutions to international problems are particularistic with roots in the political legitimacy of sovereign nations. Government officials give assent to the written terms by which their people will be bound. The United States, with its view that the nation-state is still key to international relations, inclines to this view.

In contrast, modern customary international law depends on inferences about state behavior that jurists and publicists

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make. Moreover, because the principles it generates are not embedded in the context of actual agreements, customary international law has a tendency toward generating principles that become independent of context. In short, customary law can become a kind of ersatz natural law. Europe, which has a less happy history of the nation-state, not surprisingly has a preference for a method of international-rule generation less rooted in sovereignty.[1]

The debate about how to generate international law is also a debate about the centralization and the accountability of power—key issues for classical liberalism. Agreement to specific terms by a large number of nations—increasingly nations with representative forms of government—provides some, albeit not conclusive, indication that the treaty is beneficent. In contrast, customary international law provides far less firm evidence of consensus, because professional and judicial elites rather than sovereign states have substantial influence in framing such rules. Because there is as yet no global *demos*—no disciplined political structure for measuring global sentiment—those who want to fashion rules outside of the treaty context will necessarily have to make decisions with relatively little democratic input. They will be making discretionary decisions, more than occasionally relying on themselves as the prophets of international virtue.

IN THE increasingly democratic modern world, multilateral treaties have several advantages in representing the consensus of the peoples of the world and limiting the discretion of unaccountable elites. The first advantage of global international agreements over customary international law is the precision of a written text. This clarity is important. If a large number of nations with representative governments reaches a consensus, the agreement has a certain presumption of beneficence. Of course, a residue of ambiguity infects all written texts, but at least there is something in writing, in contrast to customary international law, which generates no text. Thus, the scope of customary principles is often less clear and more subject to manipulation.

Second, multilateral treaties provide assurance that states have actually agreed upon their requirements as obligatory under international law. In contrast, it is difficult to tell whether states have accepted a rule of customary international law. Customary law principles are traditionally created only when states both widely follow a practice and widely accept it as law. But substantial debate exists over what can constitute evidence of state practice. For instance, some scholars suggest that only acts of states can constitute state practice, while others suggest that statements, like UN resolutions, can also be evidence of state practice.

Furthermore, it has always been understood that the ubiquity of a state practice does not necessarily mean nations are engaging in a practice because they believe it is law. Accordingly, scholars frequently debate whether a practice reflects a sense of national obligation or merely prudence or some other motive. This kind of uncertainty also offers room for elites to shape the rules to their liking. Happily, such uncertainty does not exist with multilateral agreements, because by signing them nations show what provisions they accept as international obligations.

Third, treaties reduce what economists would call the "agency costs" of international lawmaking—the difficulty of making sure that the rules to which rulers agree reflect the interests of their citizens. In the growing number of states that have

[1]For a discussion of the different general viewpoints of Europe and the United States in international relations that parallels the legal differences described here, see Francis Fukuyama, "Has History Restarted After Sept. 11?", John Bonython Lecture (August 8, 2002).

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representative forms of government, the representative branch must ratify the treaty, thus providing better assurance that the agreement reflects popular consensus. In contrast, bureaucrats and judges, rather than officials accountable to voters, determine the content of customary international law.

Worse still, those responsible for determining the content of customary international law are in fact radically unrepresentative. Law professors—the modern publicists responsible for the development of customary international law—are predominantly from the developed rather than developing world. Second, even within their own nations, law professors, like intellectuals generally, have distinctly unrepresentative views—very often to the left of the society as a whole. In the United States, for instance, Democratic-leaning law professors outnumber Republican-leaning law professors by about five to one.

The combination of these two biases can be quite powerful. Because academics come from countries that are already wealthy, they profit less from growth than the average global citizen, who may be more willing to take some risks to better his relatively low standard of living. Because academics lean to the left side of the political spectrum they are also less sympathetic to entrepreneurial ideas. Thus, modern customary international law rules are likely to have built-in biases against free markets and other classical liberal ideas. For instance, many scholars have tried to argue that customary international law contains something called the precautionary principle—a rule that prohibits the introduction of new technology unless all risks from the technology can be ruled out. This principle obviously would have more appeal to those who are already well off than to those for whom new technology may be life saving. It also represents a departure from the cost-benefit analysis that the United States for the most part applies to its own domestic regulations, further suggesting that principle does not reflect the practice of the democratic nations.[2]

The problem of unrepresentativeness affects other groups with power to create customary international law. International Court of Justice judges are always lawyers and share the characteristic biases of the legal class generally—an interest in "fair" process, rather than economic growth. Moreover, institutionally they possess a vested interest in expanding the power of international law, which is likely to mean a bias in favor of finding evidence of widespread acceptance of a practice among states even when one does not exist.

Some have conceded that treaties should have priority over customary law when the two conflict, but suggest that customary international law still plays a useful role in generating new rules in addition to treaties. But in the modern world, customary law can achieve little new that treaties cannot do better. In the past, when it was difficult for officials of nations to meet because of information and transportation costs, it was sometimes useful for scholars and courts to hypothesize what rules all nations would agree to, if their representatives had the opportunity to meet and deliberate. But with jet planes and the Internet, no such barriers prevent any set of nations from reaching agreement.

Others have argued that modern customary law is more likely today to represent a popular consensus—because NGOs are taking a greater role in framing and interpreting it. But permitting NGOs, rather than increasingly democratic

[2]For more on the precautionary principle, see Lawrence A. Kogan, "Exporting Europe's Protectionism", *The National Interest* (Fall 2004); and Roger Scruton, "The Cult of Precaution", *The National Interest* (Summer 2004).

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nation-states, to shape international law in fact makes it more likely that international law will represent the views of a particular set of factions rather than the consensus of citizens of nation-states. NGOs are interest groups often extremely unrepresentative of the average citizen. Greenpeace, for instance, no doubt cares passionately about the environment and would like to press for the precautionary principle, but Greenpeace is a predominantly Western organization whose views are unrepresentative even of many citizens in the West.

To be sure, unrepresentative factions also often have disproportionate power in domestic polities as well. But the problems are worse at the international level. First, the cost of organizing an international faction is higher, and this higher expense screens out many groups who can counterbalance narrow interests. Even more fundamentally, domestic mechanisms, like the separation of powers and bicameralism, make it harder for unrepresentative factions to control policy. Finally, because of elections, democratic states take into account the preferences of citizens even when not tied to any faction. For all these reasons, NGOs' influence on the content of international law often undermines rather than enhances the likelihood that it will represent popular consensus.

Enforcement of World Order

THE ENFORCEMENT of international agreements also should respect the sovereignty of nation-states both to preserve government accountability and to limit the power of international elites. First, the agreements must be enforced in accordance with their terms. It might be thought this would go without saying, but many scholars now espouse using the mechanisms designed to enforce a specific agreement, like the WTO, as a vehicle for enforcing more general international law principles, including customary international law. But new rules of customary international law are not likely to be as beneficent as treaty provisions and thus certainly have a weaker claim to enforcement. Moreover, even if nations have tacitly consented to some principle of customary international law, they have not consented to its enforcement by a mechanism established for enforcing a completely different set of obligations. Thus, to maintain accountability, an international enforcement regime should enforce obligations only under its own regime.

Second, decisions of international judicial bodies interpreting international law should not generally be given "direct effect." Direct effect is a term of art in international law that means that the decision of the international tribunal is binding as a matter of a nation's domestic law and is thus implemented directly without any intervening action of a domestic legal authority. The problem with direct effect is that it weakens the accountability of government for its decisions and thus over time will make those decisions less likely to be good ones. Judges on domestic tribunals like the United States Supreme Court are generally appointed or elected. Thus, representatives of the people or the people themselves are at least indirectly accountable for their decisions. In contrast, the representatives and people of a nation affected by an international law decision will not be accountable for the majority, if any, of the judges on international tribunals.

Moreover, citizens in nation-states cannot easily control international bureaucracies and thus international tribunals may exceed their authority. One way of keeping such a tribunals on a short leash is to prevent their decisions from taking automatic effect and requiring that they be implemented by affected nation-states. The tribunals will then be more cautious in their interpretation, holding

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nations to account only when they are in manifest violation of their international agreements.

Indirect enforcement can nevertheless be effective. For instance, if a nation does not comply with a WTO tribunal ruling, the WTO now authorizes the offended nations to withdraw trade concessions from the offending nation. As Mark Movsesian of Hofstra University has shown, the withdrawal of concessions in turn can mobilize the exporters who are harmed by the withdrawal to lobby their government to comply. For example, when the WTO tribunal held that President Bush's imposition of additional tariffs on steel was illegal, Europeans were authorized to withdraw concessions that would have harmed exporters in states key to the President's re-election chances. President Bush complied with the decision and rescinded the tariffs.

This indirect enforcement makes use of the decentralized economic order of a nation rather than centralized power to promote compliance with international law. It has the additional virtue of providing a check on the potential overreaching of those charged with interpreting international law. Thus, like the substantive structures of international trade and the procedural processes of treaty ratification, this kind of international enforcement helps assure accountability under international law.

New technologies have so radically lowered the costs of information and transportation that globalization of some form is inevitable. But the issues of political structure that globalization raises are not novel, because new technology has not changed human nature. Thus, there is no need for a radically new philosophy of international governance—just the adaptation to the international order of principles that previously succeeded domestically.

Globalization can create both economic prosperity and better governance by sovereign states. But we can succeed in that goal only by creating international structures and organizations with the accountability, checks and balances, and decentralized rule-making that have marked the progress of liberty and prosperity in the domestic sphere. Otherwise globalization may usher in an era where global governance is a mask for uncontrolled power that will inevitably contract the scope of human freedom. □

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Putin and His Enemies

Alexey K. Pushkov

WILL RUSSIA remain a democracy or will it slowly evolve into authoritarianism, or even dictatorship? This is the question most often asked in the West. But let us put forward an alternate question: Was Russia a democracy before Putin?

At best, Russia under Boris Yeltsin was a manipulative democracy; at worst, it was a pseudo-democracy, cloaking Yeltsin's personal rule and the free reign given to oligarchs and big bankers. Indeed, by the end of his administration, only the oligarchs and liberal reformers closely connected to the Kremlin remained as Yeltsin's base of domestic support. Yeltsin-type "democracy" was applauded in the United States and Europe, but had weak support among most Russians. Many in the West have chosen to ignore how the electoral process under Yeltsin was repeatedly manipulated in ways that negated the essence of democracy. The elections of 1996 were a fiesta of manipulation, outward falsifications, use of dirty money and the servility of the so-called free media—in fact mainly controlled by oligarchs and financial groups. The majority of Russians believed that democracy "Yeltsin-style" meant freedom—to loot, commit crimes and be corrupt. The financial default of 1998 was a clear verdict on Yeltsin's economic and social policies.

Most Russians believe that Yeltsin's pseudo-democracy has brought only turmoil, decay and corruption to Russia. And while opinion polls indicate that most Russians value basic political freedoms, they do not want to live under a faux-liberal regime dominated by big money. For the majority of Russians, what is most important is for Russia to become an economically developed, rich and powerful country.

Therefore, the only democracy Russia had known—Yeltsin's manipulative pseudo-democracy—appeared as an obstacle to, rather than an instrument of, Russia's national revival. This is why most Russians have not shed a tear for the defunct Yeltsin regime. In contrast, Vladimir Putin has identified his main task as raising the living standards of the Russian people and doubling the country's GDP in a decade—goals enthusiastically endorsed by most Russian citizens.

But how does Putin plan to bring this about? If we can describe the Yeltsin system as a pseudo-democracy, what is the Putin system of rule and what are its guiding principles? In the most general terms one can speak of an authoritarian model aimed at economic modernization.

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But Putin is far from being a Russian version of Pinochet, who came to power through a bloody coup and remained a dictatorial ruler for most of his time in power. No, Putin seems to be inspired by a different type of leader—such as Peter the Great or Charles de Gaulle.

Certainly, there is a more pronounced penchant for liberal economic and social reforms in this system of rule than for the development of democratic institutions. Predictably, economic modernization in Russia will precede the next round of political democratization, as it happened in a number of societies throughout the world (including those where a much stronger authoritarian model had been in place for many years, like South Korea).

What are the main features of Putin's authoritarian model? The Duma and the Federation Council have been devoid of the influence they had previously. Often the Duma nowadays looks like an extension of the executive branch. The upper chamber, composed of appointed senators, appears to be another rubber stamp. The separation of powers in these conditions becomes more of a slogan rather than a reality.

The Duma and presidential elections of 2003–04 were marked by excessive use of so-called "administrative resources", whereby the center influences the outcome of the vote by exercising pressure on the regional governors and local mayors all over the country. They, in turn, used their own abilities (patronage, control of financial flows and the like) to "turn out the vote." However, it is important to note that Russian "electoral postmodernism", defined by use of administrative resources and control of the mass media, was first introduced by the Yeltsin team in 1996.

The mass media, especially leading TV channels, came under stronger controls from the government. By summer 2004, some popular political shows were closed down, and state-controlled channels clearly took the line that their prime mission was to entertain the audience rather than introduce it to the culture of political pluralism.

RUSSIA'S SWING from the Yeltsin to the Putin system may be compared to yet another swing of the pendulum of Russian history, from "reform" to "restoration." In Boris Yeltsin's two terms, the pendulum swung from the Left—the communist command-and-control system—to the Right—marked by the breakdown of state regulation over the economy and the rule of oligarchs and right-wing liberals. The ultra-liberal Yegor Gaidar, hated by the majority of Russians, as the head of the government, and the robber-baron Boris Berezovsky as deputy head of the Security Council—those were indeed telling signs of the Yeltsin epoch.

Under Putin the pendulum swung back—to stronger state controls (for instance, against tax evasion), to new limits on the political influence of big money and to a centralization of power in Moscow. However, its present position is very far from the place it occupied in the communist epoch. The point at which the pendulum stopped can be described as moderate authoritarian rule politically and limited market liberalism economically. An important feature of Putin's Russia is a consensus about private property as the basis of economic and social life. This was still an unresolved question at the time of the 1996 elections, but since then it has been accepted by society at large. Another important development is the gradual weakening of the Communist Party, which today has no chance whatsoever of coming back into power. Finally, the diversity of political opinions and platforms and the freedom to profess one's views show that Russia is generally developing along democratic lines rather than sinking back into Soviet times.

The definition of "managed plural-

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ism" suggested by Nikolas Gvosdev in the Spring 2004 issue of *The National Interest* may be one way of describing the present Russian political system, although it refers only to the socio-political dimension of Putin's rule. If one is to describe it in more general terms, one can speak of soft authoritarianism or state-controlled democracy (state primacy over society coupled with democratic institutions, elections and basic democratic freedoms). At any rate, comparisons with the Soviet Union are misleading. What we see today in Russia is a qualitatively new development and a deeply changed social and political reality.

It is also interesting to note that the most vocal opposition to Vladimir Putin comes mainly from those quarters that had benefited the most from the Yeltsin system. Indeed, the current political opposition is an odd combination of Communists and their electorate; members of the Yeltsin elite, who did not find their place in Putin's pyramid of power; part of the liberal reform movement and various right-wing politicians and activists, who, like Anatoly Chubais, have been marginalized politically; and a number of oligarchs, who are strongly opposed to Putin's methods and want to bring down his administration. But the democratic movement that was so strong from 1987–91 (and which most Westerners have in mind when they talk about supporting "democrats" in Russia) has largely dissipated. Such an opposition, where an oligarch like Boris Berezovsky appears at the side of the head of the Communist Party, Gennady Zyuganov, can hardly be considered democratic, although it brandishes the banner of democracy. The real goal of its leaders is not to bring democracy to Russia but to use democracy as a slogan against Putin.

Putin said once that he considered himself the top manager of Russia. Today his managerial position is so strong that it has become a virtual monopoly on power. The pyramid Putin created seems to be stable and strong. But, as in any pyramid, strategic actions, key decisions and main responsibility are not diffused among autonomous managers, but concentrated in the hands of the leadership. And political monopoly, asserts the opposition, leads to stagnation. Vladimir Putin has to prove this wrong.

The wind seems, however, to blow into Putin's wings. High prices for oil and gas on world markets serve as a powerful motor for the Russian economy which has grown at the impressive rate of 6–7 percent a year. It also allows Russia to service its foreign debt. By the end of October, Russia's gold and foreign currency reserves have—for the first time in the history of the new Russia—crossed the $100 billion mark and now stand at $105 billion.

IT IS TRUE that Putin still faces formidable challenges. He has to make the state bureaucracy—and especially the security services—much more effective, and this has become an overriding task after the terrorist attack on a school in Beslan. The unresolved issue of Chechnya also poses a major challenge. Unless Putin finds a way to crush armed separatism in Chechnya, terrorist activity will not stop and will subvert Putin's rule.

The key battle Putin has to fight is economic modernization. If Russia continues to maintain the present rate of economic development until 2008, in conditions of political stability, Putin's presidency will have been judged to be a success. In his first term, the main source of his strength was his enormous popularity. Putin was the opposite of Yeltsin—and this is why Russians supported him. The last elections brought him an even greater level of support. Putin's success depends on whether he preserves this support throughout his second term. It will depend on three key factors: his capacity

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to assure economic growth, to limit terrorist attacks and to preserve social stability while pursuing liberal reforms. If he displays such a capacity, the "Right-Left" opposition composed of Communists and oligarchs will hardly be a danger to him. If he does not, then political and social stability, and therefore his presidency, may be shattered. In the event that Putin's strategy fails, Russia may either fall back into the worst kind of criminal oligarchic capitalism or face the danger of political radicalization and a growing anti-Western orientation.

IN THIS respect the pressure some in Western circles try to put on Russia is missing the point. When the authors of the now famous "Open Letter" to the heads of NATO and the EU call for the West to undertake a new crusade for "Russian democracy", they strengthen anti-Western, and especially anti-American, feelings in Russia. The main reason for this is simple: Russians are weary of Yeltsin-style "democracy", which they hold responsible for the large-scale looting of the country. After all, consider what Paul Klebnikov, the American author and publisher of Russian descent, who was tragically murdered in Moscow earlier this year, wrote in his famous book, *Boris Berezovsky: The Godfather of the Kremlin*:

> Corrupted capitalism of Yeltsin's Russia did not appear by chance. The government gave huge wealth to Berezovsky and a narrow circle of those close to Yeltsin in exchange for their political support. The Yeltsin clan and friendly businessmen conserved power, but they ruled over a bankrupt state and an impoverished population. It was supposed that the young democrats would bring order to Russia, introduce a new legal system and give a green light to the market economy. Instead they headed a regime that turned out to be one of the most corrupt in the history of mankind.[1]

So, when Mark Brzezinski and Richard Holbrooke call for support for those they term "reformers", they seemingly fail to understand that this is a call for support for those people who are considered by most Russians to be directly responsible for its recent degradation.[2] It is something of an irony that many Westerners—calling for democracy in Russia—argue that the forces most worth supporting are the ones massively rejected by Russian voters in the last elections. The voters failed to support the Union of Right-Wing Forces (with Nemtsov and Chubais at the helm) not because it could not get its message to the voters, but because Russian voters knew its message all too well—and rejected it. But the authors of the "Open Letter" cannot face facts: The liberal parties did poorly in the last election, not primarily because of the electoral technologies used by the Kremlin, or because they had less access to the media than other parties, but because their platform is not popular with the voters.

So those in the United States who call for the next administration to administer a dose of "tough love" to Russia should ponder the consequences of such a policy line. Does the United States want to deal with a country that can be a partner in the fight against world terrorism and in the solution of complex regional issues threatening world security—or does it prefer to antagonize Russia by engaging in an anti-Putin crusade with Boris Berezovsky, Chechen separatists, some disaffected oligarchs and marginal political circles?

It is true that there are dangers for the fragile roots of democracy in Russia. However, they are coming not only from attempts at a bureaucratic restoration, but also from attempts at political revenge by

[1]Taken from p. 14 of the Russian version.

[2]"America must give Russia a dose of 'tough love'", *Financial Times*, October 7, 2004.

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corrupt and greedy oligarchs. To choose sides in this fight would hardly be wise for America.

Russia is still struggling with the dramatic legacy of its recent and not so recent past. Democracy in Russia is far from established. The Russian pendulum needs some more time to reach a balanced and stable position. In order to reach such a balance the country needs political stability and firm leadership. Taking into account the turmoil of the 1990s, authoritarian modernization seems in those conditions not so much Putin's choice, but the only way to proceed. A number of countries that faced this challenge moved along similar lines. They are now respected and established democracies. If Russia follows the same path with the same result—it will be not only in its own interest, but in the interest of the world as well. □

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Close, But No Democracy

Ray Takeyh

SEPTEMBER 11 and its aftermath caused many American policymakers, both Democrats and Republicans, to re-evaluate Washington's traditional emphasis on promoting "stability" in the Middle East, even at the expense of democratization. Support for autocratic regimes, far from pacifying the region, came to be seen as the root cause for the growth of Islamic radicalism, culminating in the terrorist attacks on New York and Washington. A strategy of promoting democracy throughout the so-called Greater Middle East was no longer considered to be an idealist dream but a realist necessity to ensure the long-term security of the United States.

The necessity for reform in the Middle East has never been more compelling. The Arab world faces the real possibility of social implosion. The Middle East confronts a demographic revolution, with nearly half of its population under twenty years of age. It is estimated that the region must create 100 million jobs over the next 15 years to accommodate its "youth bulge." Such a daunting challenge requires that governments implement structural reforms designed to boost economic growth by promoting investment and trade.[1] Yet it is difficult to see how any government in the Middle East can undertake meaningful economic reforms without political modernization. After all, the preconditions for a successful market transition, such as the rule of law, accountability and transparency, are also the essential components of a democratic polity.

It is customary for U.S. officials to cite the successful campaign of unseating the autocracies of eastern Europe as the necessary paradigm for political change in the Arab world. Yet despite a bipartisan consensus, America's democratization efforts in the Middle East have historically eschewed any vigorous promotion of reform in favor of offering technical assistance. Instead of utilizing intensive diplomatic and economic pressure to force reluctant states to comply with reform criteria, successive U.S. administrations have opted for dialogue with the incumbent regimes. The region's leaders, far from being viewed as the main obstacles to reform, are often seen as the necessary partners in a shared progressive enterprise. And so Washington's strategy of political change, endorsed by both parties, follows a well-worn path of promoting liberalization rather than genuine democratization. And as a result, a strategy of incremental liberalization necessarily conforms to the parameters established by the incumbent regimes.

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[1] See, for example, Hossein Askari & Rana Atie, "Scimitars to Plowshares", *The National Interest* (Fall 2004).

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Herein lies the fundamental weakness of America's approach. Washington has erred in its assumption that the region's ruling elites are prepared to initiate reforms but merely lack the expertise with which to carry them out. That misconception is evident in the proposals envisioned by the State Department, which emphasize technical assistance—aid to legislatures, training and exchange programs for civil servants, election monitors and so on.[2]

The central dilemma of the Arab political order is not unfamiliarity with the process of political competition, but an entrenched elite that is determined to retain power. No amount of technical assistance can overcome that reality. This is not to say that the region's elites are unaware of the need for change and adaptation. Yet most Middle Eastern leaders—hereditary monarchs, revolutionary mullahs and perpetual presidents alike—are more attracted to the Chinese model, which seems to offer the promise of economic growth and development without displacing any of the political prerogatives of the ruling regime. This is not to downplay the value of the Arab world moving along a Chinese path. Liberal autocracies would certainly be an improvement over politically repressive, economically stagnant regimes—but they would not be functioning democracies.

An Enduring Liberal Autocracy

IT WOULD be a mistake to claim that there have been no reforms in the Arab world. Indeed, since the end of the Gulf War, a number of authoritarian states in the Middle East have undertaken programs of guided, selective liberalization. Although democracy advocates routinely acclaim measured liberalization as a necessary prelude to democratization, in the Middle East such liberal autocracy seems to be an end in itself. In such an order, the rulers may eschew full-scale authoritarianism for a system that offers periodic openings in response to a variety of social, political and strategic challenges. Despite its tolerant pretensions, this governing structure lays down clear "red lines", ensuring that the prerogatives of the executive are not circumscribed by legislation and judicial oversight. A liberal autocracy may hold elections and countenance critical media, but all actors must agree to the rules promulgated by leaders who remain unaccountable. Far from challenging the reigning autocrats, the current partnership actually complements their survival strategies.

To be sure, there are still states in the region that subscribe to a totalitarian model. The House of Saud (in its self-proclaimed role as the guardian of Islam) and the Al-Asad family in Syria (the last Ba'athi state in the region) sanction their despotic tendencies by appealing to a larger ideological mission and retain the services of security forces to root out any opposition. Both regimes also have sought to avoid reform by indulging in the politics of patronage, buying loyalty from key social actors. Yet the exponential population growth in both states has eroded the financial resources available. The mismanagement of the economy and massive corruption confront the profligate House of Saud with the reality of prolonged recession and double-digit unemployment. The son of the Arab lion of Damascus sits uneasily, facing a restive populace burdened by the persistent erosion of living standards and a precipitous decline in social services. The era of absolutism is passing; Saudi Arabia will hold municipal elections next year, and the remaining holdouts will likely join their more enterprising brethren in embracing selective reform.

Indeed, today's Middle East is popu-

[2]See Nikolas Gvosdev, "Business As Usual in the Mideast", *Financial Times*, June 9, 2004.

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lated by regimes that are tolerant, even liberal. Jordan, Morocco, the Gulf sheikdoms and Egypt are examples of regimes that do not base their power on transnational ideologies or sacred missions, but on a more adroit management of political society. The prevailing ruling elites have created a series of incentives and penalties whereby the opposition forces are either co-opted or marginalized. It is not so much that voices of dissent do not exist; they have accepted the role of a loyal opposition. The loyalists are allowed to organize, participate in elections and share in the spoils of patronage, but they must display a commitment to the existing system. Conversely, those who challenge executive claims of authority are summarily dismissed, coerced and relegated to the margins of society. The emergence of a loyal opposition is not unimportant, as they do at times channel popular grievances to the palace. However, their self-regulating nature and their investment in perpetuating the status quo makes them poor agents of democratization. Indeed, in a divide-and-rule political order, it is difficult to mobilize nationwide opposition that can force further democratization within an existing liberal autocracy.

A closer examination reveals that some of the region's shining examples of reform often cited by both Republicans and Democrats are actually not so stellar. A liberal autocracy creates a system, usually referred to as "managed pluralism", where elections, political alternatives, the ability to replace political leaders, and freedom of speech and the media are all regulated by the ruling executive.[3] One manner of imposing the relevant checks is for the monarch or president to retain the right to appoint a significant number of seats or an entire upper chamber of an elected parliament or assembly. Morocco, for example, does have relatively free elections for the lower house of its parliament. In the last electoral contest, the opposition parties—including the Islamist Justice and Development Party—did capture 42 percent of the seats. However, King Muhammad's control over the indirectly elected upper chamber subverts the democratic pretensions of the lower house. In a similar vein, elections are held in Jordan, but King Abdullah still reserves the right to appoint the prime minister, veto legislative initiatives and dissolve the parliament. In Qatar the new constitution stipulates that the emir has the authority to appoint one-third of the deputies to the parliament. In none of the countries with elected parliaments does the majority within the legislature have the automatic right to form the cabinet—executive appointments remain firmly within the purview of the ruler.

AN IMPORTANT precursor for a sustainable pluralistic order is vibrant political parties. The region's reigning autocrats are well aware of this and have been effective in undermining parties. For example, Qatar, another oft-cited case of democratic success, promulgated a new constitution in 2003 that explicitly prohibits formation of political parties. Throughout the region, the prevailing parties are little more than sanctuaries for regime loyalists, spending their time acclaiming the virtues of the rulers as opposed to offering a viable alternative to the system. And "opposition" parties understand their choreographed role within the political system—to act as agents of protest but not to seriously contest the status quo. Indeed, within the Tunisian system, opposition parties are in essence sponsored by the ruling regime.

As political parties have been undermined, popular energies are channeled into NGO activity. The Arab world's liberal autocracies have witnessed a proliferation of advocacy organizations promoting

[3]See Nikolas K. Gvosdev, "The Sources of Russian Conduct", *The National Interest* (Spring 2004).

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a variety of causes ranging from women's rights to environmentalism. Washington, Brussels and the democracy promotion community erroneously see in such activism the nascent signs of a progressive society deserving assistance. However, given these organizations' elite nature, foreign funding and lack of grassroots presence, they are incapable of mounting sustained opposition to the ruling regimes. It is political parties, not NGOs that can sustain a popular movement, which is the reason the rulers have condoned the activities of the NGOs while preventing the emergence of effective political parties.

In one of the region's many paradoxes, two of the Arab world's more oppressive states, Egypt and Tunisia, actually do possess an energetic NGO culture. In the 1980s it appeared that a new pluralistic framework may have evolved in Egypt, with a collection of secular and religious parties such as the Wafd and the Muslim Brotherhood contesting parliamentary elections. In the 1987 legislative elections, the ruling National Democratic Party suffered one of its worst showings. Under the guise of suppressing an Islamic insurgency, Hosni Mubarak quickly imposed emergency laws that silenced the totality of political expression. However, as parties' fortunes declined, the NGOs flourished, with feminist groups, environmental organizations and human rights associations dominating the topography of opposition. In a similar manner, Tunisia stands today as one of the most repressive Arab regimes, with President Ben Ali routinely jailing, harassing and exiling even the most moderate of his critics. Yet Tunisia also features a very active League for Defense of Human Rights, whose advocacy has been noteworthy and not entirely ineffective. All this is not to disparage the function of advocacy organizations, as they have been courageous in highlighting pervasive discrimination and human rights abuses, but merely to suggest that the proper agency for achieving pluralistic rule is not non-government organizations.

Liberal autocracies are happy to encourage NGO discussion as a substitute for political action. In January 2004, 820 delegates from around the Middle East met in Yemen to create the "Arab Democracy Dialogue Forum." The stated purpose of this organization is to promote "dialogue between diverse actors, strengthening democracy, human rights and civil liberties, especially freedom of opinion and expression, and strengthening the partnership between public authorities and civil society." In March, Egyptian president Hosni Mubarak even gave the keynote address at a pan-Arab conference convened to discuss the role of NGOs in Arab society.[4]

The vast majority of Arab regimes have eschewed completely closed political systems that contain the risk of driving the opposition forces underground and radicalizing the voices of dissent. The reigning despots have learned the lessons of Iran's revolution, where the shah's draconian policies managed to unite forces as disparate as Islamists, secularists, communists and nationalists. Instead, the ruling authorities are opting for a governing order of rewards and penalties that has effectively fractured the opposition. The emergence of liberal autocratic regimes in the Middle East is not without its costs and burdens. Such an order causes political society to degenerate, weakens secular opposition, engenders cynicism among the public and empowers extremist groups (religious and secular) by seeming to validate their ideological claims. The palliative to the dysfunction of the Middle East is not autocratic experiments but genuine democratization.

[4]See Nikolas K. Gvosdev, "Wie man den Bock zum Gärtner macht", *Internationale Politik* (July 2004).

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Democratization vs. Liberalization

DESPITE ALL the discussions over the past few years regarding the transformation of the Middle East, the Washington consensus still sees the existing strategy of gradual liberalization as the most valid. As such, the focus of America's efforts has been assisting with election commissions, voter registration programs and supporting civic awareness. The anemic Arab civil society has been the object of perennial fascination for State Department bureaucrats and professional democracy promoters, as the lure of the NGO community has proven difficult to resist. To its credit, the Bush Administration did stress the need for economic reform but then proceeded to recommend a set of entirely ineffective measures such as the Micro-Finance Consultative Group. Quite naturally, women's rights campaigns, literacy corps and parliamentary exchanges further complement America's lackluster efforts.

Traditionally, much of Washington's strategy has evolved around assisting NGOs and civil society groups and working to change social norms (for example, enhancing the status of women and minorities). This strategy is derived from the democracy-promotion community's claim that empowerment of the NGOs and civil associations will lead them to successfully pressure the incumbent regimes toward progressive change.

This misapplies the Eastern European experience. In one-party states guided by totalitarian ideology, providing assistance to NGOs was essential to provide room not only for opposition political forces, but simply for independent social actors. In the USSR, where the state controlled all forms of public expression, the so-called *neformaly* (informal associations), even when established to deal with cultural or humanitarian issues, were of necessity "political" actors—they challenged the power of the state to set the agenda. Throughout Eastern Europe, NGOs played a critical role in laying the groundwork for true political parties to emerge.

Within liberal autocracies, however, there is already some degree of contested public space and there already exists a "non-governmental sector" in which NGOs function. Arab autocrats have been adept at fending off such pressures and have successfully manipulated domestic forces to their advantage. Providing aid to NGOs only makes sense if it is a first step in a process of political transformation.

A genuine strategy of democratization would concentrate, first and foremost, on placing significant curbs on executive power. The proper prelude to fostering such a society is to shift the focus away from NGOs and civil society groups to constitutional reform and an independent judiciary.

Throughout the region, the current constitutions enshrine the power of the executive and immunize him from any challenge to his prerogatives. Monarchs and presidents stand in a privileged position, as their decisions are unencumbered by either parliamentary legislation or judicial verdict. Moreover, many Arab constitutions deliberately undermine the power of the legislative branch by granting the executive the right to appoint an upper chamber that can obstruct parliamentary initiatives. Free elections to such emasculated institutions will not pave the way for emergence of a democratic order, as the existing constitutional provisions effectively strangle any viable reform project.

The second imperative of democratic change is an independent judiciary. Throughout the Middle East, the judiciary is staffed by the compliant agents of the executive, and the courts have been used to prevent media outlets and pro-democracy forces from organizing. Any attempt to create political parties in the region is routinely denied legal sanction

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by the judiciary. Although the security services are often decried for their abuses, it is the judiciary that provides the legal cover for the arrest of dissidents and closure of newspapers. Iran is the case study of how a cynical judiciary working in conjunction with the unelected branches of government can effectively undermine a progressive regime and its reformist agenda. Through its contrived procedures and arbitrary verdicts, Iran's judiciary effectively silenced the region's most vibrant press and subverted parliamentary initiatives. The lesson of Iran is that in the absence of legal reform and independent judges, the hegemony of the unelected institutions is unlikely to be disturbed.

IF WASHINGTON is serious about democratization in the Middle East, as opposed to liberalization, it has to change strategies. Rhetorical commitments to democracy are no substitute for a checklist of steps that can be taken by regimes in the region. The reality remains that Western governments have been complicit in creating and sustaining the current autocratic order. Moreover, the masters from Cairo to Algiers have remained confident of America's forbearance, as competing geopolitical factors have ensured that U.S. assistance and loans continue even in the absence of any meaningful change.

A viable democratization strategy would employ the considerable economic leverage that the United States and Europe possess to pressure these states toward viable reforms. Preferential trade agreements, foreign assistance and access to U.S. markets should be contingent on the level of progress that regimes make toward democracy. The U.S. experience *vis-à-vis* Latin America, especially Mexico during the 1980s and 1990s, and that of the EU towards its eastern periphery make it clear that when political reform is linked to economic benefits, regimes can be induced to introduce changes that lay the basis for a democratic transformation. The West should link aid to reforms designed to reduce state controls over both political life and the economy.

In a similar vein, Washington should press for deep-seated economic reforms designed to strengthen competing centers of power. The cases of Taiwan and South Korea demonstrate that an emerging entrepreneurial class is often a vocal constituency on behalf of accountability and transparency. In the 1990s, under the pressure of the IMF, many of the regional states, including pivotal countries such as Egypt and Algeria, experimented with economic liberalization only to abandon them when they threatened the political prerogatives of the regimes—with the tacit support of the West.

The United States can no longer ignore the need for fundamental economic reform. Yet privatization plans that only benefit regime loyalists and the cronies of the ruling families need to be avoided. And while the system of subsidies which keeps the prices of consumer goods like bread and gasoline artificially low do distort the economy, they need to be phased out in a gradual, systematic way that avoids eroding middle-class support for reforms.

Beyond the economic dimension, the United States can also use its political influence to pressure the existing rulers. If U.S. officials make democratic change the foremost item in their discussions with their regional counterparts while the president applies the powers of the bully pulpit, the seriousness of this issue will be noted in the region. This would imply no more state visits for President Mubarak and Crown Prince Abdullah until the behavior of their regimes alters. Although this may seem a symbolic gesture, it is a gesture that will have an impact on the minds of self-important rulers accustomed to lavish treatment in Washington. Ultimately, this strategy calls for imposing pressures on Arab states that have too often received a pass from successive U.S.

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administrations because of their strategic value. If the objective of U.S. policy is to foster equitable societies in the Middle East and a political culture that does not sanctify violence against America, then it has to be willing to embrace the risk of alienating traditional allies and potentially imperiling some of its tangible security interests. The point remains that there are tradeoffs. One cannot promote democracy in the region while exempting the House of Saud from responsibility and continuing to provide generous economic assistance to the Mubarak regime.

The other facet of a democratization strategy is to focus on the resolution of the Israeli-Palestinian conflict. This is not to sanction the cynical Arab leaders' ploy of employing the conflict as a means avoiding reforms, but to acknowledge that the continued disenfranchisement of the Palestinians has a corrosive impact on the Arab body politic. The region's populace has visceral sympathy for the plight of the Palestinians, and the perception of America's collusion with Prime Minster Sharon has systematically destroyed the peace process, fueling the radicalism that has proven so inimical to change. The region simply cannot move to its democratic future without resolving the remaining legacy of the Ottoman Empire's dissolution.

The Islamists Are Coming

ONE REASON Washington has been historically reticent to press for democracy in the Middle East is its inordinate fear of Islamists. More than any other factor, the specter of Algeria informs and distorts the democracy debate. The ill-conceived Algerian democratization of the early 1990s led to the electoral surge of Islamists, culminating in a civil war that cost approximately 150,000 lives. The reigning autocrats routinely invoke the "lessons of Algeria" as they claim that opening the system would only benefit religious zealots determined to usher in a theocratic order. In a strange nexus, the Western governments' fear of Islamists and the dictatorial regimes' clever rationalizations have conspired to defer much-needed reform of the region's political order.

As with most ideological tendencies, the complexion of Islamism is changing, as more temperate forces are assuming the leadership of this movement. In states as varied as Turkey, Morocco and Bahrain, moderate Islamist parties are coming to the forefront, calling for participation in the political process as opposed to waging violent campaigns against the state. Indeed, beyond the glare of Western media, a subtle intellectual transformation is underway in many Islamist circles, with leading figures such as Iran's Muhammad Khatami or Egypt's Hassan Hanafi calling for harmonization of Islamic injunctions with democratic precepts. To be sure, given the retaliatory power of the state and the inability of radical Islamists to dislodge the regimes through violence in the early 1990s, such reconsiderations may seem a tactical concession to an altered balance of power. Nonetheless, the inclination of many Islamists to reconsider their ideological strategies should not be discounted. De-radicalization is not a new trend, as leftist forces in Latin America moderated their objectives once presented with the opportunity to participate in the political process. Once part of the governing order, the imperative of getting re-elected led many leftists to actually abandon their disruptive and costly utopian schemes in search of more practical solutions to their societies' conundrums. It is time to test the premise of "moderate Islam" and not continuously invoke the Algerian trauma as a justification for prolonging a deficient autocratic rule.

Whatever success Islamists may have in revitalizing their creed, it is important to appreciate how Islamism is proving a

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fading ideology in today's Middle East. Given the Islamists' inability to craft viable solutions to problems such as economic inequality and lack of political representation, they are proving a poor alternative to the prevailing regimes. The best manner of further marginalizing Islamism is to expand the marketplace of ideas and enhance competitive politics. Islamism has succeeded only because it has managed to survive in an authoritarian political landscape and thus assumes the mantle of opposition. The reality remains that over the past three decades, the Arab populace has gradually grown weary of radical ideologies and their self-proclaimed truths. From pan-Arabism and its promise of Arab renaissance to Islamism and its quest for salvation, the beleaguered populace has come to appreciate that the primary effect of such ideologies is repression and stagnation. After much experimentation, the Arab masses may finally be ready for democracy with all its burdens and rewards.

AS THE STRONG bastions of authoritarian rule in eastern Europe and Latin America have been overwhelmed by democratic forces, the Middle East remains in the trenches of despotism. However, the Arab predicament is not only inconsistent with the global trends, but with the region's own history. During the first half of the 20th century, Arab states such as Egypt, Syria and Iraq did have vibrant civil societies, lively presses and assertive parliaments. To be sure, this was elite politics, with Western-educated landowners and merchants interacting easily with the colonial powers. Nonetheless, the Arab world did have its own fleeting "liberal age", with checks and balances and power-sharing arrangements. The rise of military strongmen and dictatorships is a relatively new phenomenon, belying the notion that the region lacks its own pluralistic traditions.

Even more anomalous is the embrace of democracy as the foremost regional objective of the United States. In the contest between American values and interests, the latter has historically been predominant. The centrality of the oil economy, the imperative of resolving the Arab-Israeli conflict and the need for allies in the War on Terror have pushed U.S. administrations toward unsavory allies who pledged stability and cooperation. Last year, President Bush called for the end to the usual compacts and the need for a fundamental reformation of the Arab order. However, a crestfallen America entangled in the Iraqi quagmire seems to have abandoned its own idealistic aspirations in favor of returning to the old status quo. □

I have arrived at a time when, in their hearts, these people must be thoroughly sick and tired of us. A year ago we liberated them from the Fascist Monster, and they still sit doing their best to smile politely at us, as hungry as ever, more disease-ridden than ever before, in the ruins of their beautiful city where law and order have ceased to exist. And what is the prize that is to be eventually won? The rebirth of democracy. The glorious prospect of being able one day to choose their rulers from a list of powerful men, most of whose corruptions are generally known and accepted with weary resignation. The days of Benito Mussolini must seem like a lost paradise compared with this.

—Anthony Lewis
Naples, Italy, 1944

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Silk Road to Success

S. Frederick Starr

AFGHANISTAN'S October elections left many experts with egg on their faces. Armed with impressions gleaned from a few days in Kabul, and often not even that, they assured the public that the elections were doomed, and that reckless U.S. policies would be responsible for their failure. Security was woefully inadequate, we learned, and the Afghan public—especially women—would be intimidated by Taliban threats to disrupt the voting. Bloodshed, low turnout and gross corruption were all but inevitable, and the whole mess would be due to the Bush Administration's intemperate desire to push the voting up to before the American elections.

Defying these grim predictions, Afghan voters, including women, turned out in droves, and the voting on the whole passed smoothly, with negligible violence. True, there were problems with the ink used to mark voters' thumbs, and double voting doubtless occurred. But the vice chair of the UN's electoral panel concluded that overall the process was "safe and orderly." Other observers termed the elections "a triumph", citing the high turnout and the failure of Taliban forces to disrupt them.

The relative success of Afghanistan's elections is all the more surprising given the conventional wisdom that the U.S. effort in Afghanistan is failing.[1] The General Accounting Office reported in June on "Deteriorating Security and Limited Resources" in Afghanistan, while NATO's Secretary General warned that its Afghan mission was "flirting with failure."

That might have been true a year ago. The post-9/11 Pentagon, in crafting policy towards Afghanistan, had focused narrowly on wiping out Al-Qaeda and the Taliban, with inadequate attention paid to issues of security and governance. The tactical decision to arm and support the nearly moribund Northern Alliance as the only anti-Taliban force on the ground unwittingly turned into a much closer relationship than was desirable or intended. When the United States finally toppled the Taliban, Tajiks from the Northern Alliance took control of Kabul, packing the new government with their own supporters to the exclusion of everyone else. The UN's 2001 Bonn meetings ratified this dangerous situation, and the 2002 "emergency loya jirga" further ratified the Bonn conference's mistakes.

While U.S. officials talked bravely of "working the situation", Northern Alliance leaders in Kabul consolidated their hold on power. Marshal Fahim, confirmed in Bonn as Afghanistan's Minister

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[1]See, for example, Kathy Gannon, "Afghanistan Unbound", *Foreign Affairs* (May/June 2004).

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of Defense, kept his own militia lodged in the capital and cut deals with warlords elsewhere, undermining hopes for a national army. He and his family seized control of key markets to create their own income stream, independent of Karzai and the United States. Many Pashtuns went into sullen opposition as they watched this unfold. A few took up arms. Since most Taliban leaders had been Pashtun, this gave the appearance of a Taliban revival. It was in fact a new movement of Pashtuns and other groups excluded from the post-Taliban order. Because the United States backed Karzai, they blamed their fate on America.

All this further weakened the fragile Karzai government. Charged with rooting out remnants of Al-Qaeda and the Taliban, the United States worked with whatever forces were at hand, including warlords aligned with Karzai's enemies within the government. This approach also jeopardized efforts by other U.S. agencies. The U.S. Agency for International Development (USAID) was effective in providing emergency humanitarian relief, but continuing security problems complicated its efforts to rebuild schools and clinics, print and distribute millions of textbooks, reconstruct irrigation systems, and introduce high-yield seeds that could boost wheat harvests. NGOs used U.S. taxpayer money and grants from other countries and agencies to dig wells, open medical clinics and meet other basic needs, but continued insecurity and insufficient attention to issues of governance put this, too, at risk.

Thus, Afghanistan by the end of 2002 seemed headed in the wrong direction. Having escaped the Scylla of Taliban rule and domination by Al-Qaeda, the country was now heading for the Charybdis of a weak and ineffective central government, a countryside under warlord control, and much of the public increasingly alienated. In short, Afghanistan seemed to be again on the verge of becoming a failed state, the very condition that gave rise to U.S. intervention in the first place.

A Mid-Course Correction

IN APRIL 2003, Secretary of Defense Rumsfeld went to Afghanistan to see for himself what was happening there. He concluded that U.S. efforts there were not on track, and called for new initiatives to revive them. The Pentagon, the NSC and the State Department joined forces to prepare a new government-wide policy that could be taken to the president. In a graceful euphemism, they described the new policy not as a strategic about-face but merely an acceleration of the old. It was one of the most effective interagency collaborations that Washington had seen in decades.

In turn, the Bush Administration promptly engaged coalition members and UN officials, making them partners and leveraging America's input of personnel, equipment and money. At the same time, it made it clear that this new policy would be worked out and executed *with* the Afghans, rather than being done *to* them.

In June, President Bush approved the new policy, called "On Accelerating the Program in Afghanistan." Bush also charged Afghanistan-born Presidential Envoy Zalmay Khalilzad with responsibility for implementing the program.[2]

Interim President Hamid Karzai was already moving along lines similar to the new policy. In late 2002 he appointed the experienced Ali Jalali to be minister of the interior and brought in Abdul Rahim Wardak as deputy minister of defense to be a voice of responsibility under the

[2]The NSC announced the new program in September 2003, but the announcement was so modest the press barely noticed it. Khalilzad reported on the new policy in his confirmation hearings, but this was lost in the pre-Thanksgiving crush of other news.

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intractable and corrupt Fahim. Jalali immediately began replacing governors who were themselves warlords or were in league with local warlords. More than half of the governors and two-thirds of the provincial police chiefs have now been replaced. Meanwhile, in May 2003 Minister of Finance Ghani hammered out an agreement on turning over customs money to Kabul, increasing the central government's resources by 25 percent. These and similar measures were the essential steps towards breaking the clan system and creating a more professional government.

By the end of 2003 many key U.S. officials had embraced a more optimistic view of Afghanistan. Such a perspective informs the program "Accelerating Success." The initiative has four goals: first, to achieve a reasonable ethnic and regional balance in the staffing of central and provincial offices; second, to build an army and a police force; third, to improve governance at all levels; and fourth, to speed the pace of economic and social reconstruction.

A fifth goal concerns process—namely, to achieve these objectives by lending support to the Afghan government rather than doing it alone. Heading the execution of these policies on the U.S. side is Presidential Envoy Khalilzad, with all other key U.S. figures in Kabul working through a council chaired by him.

In implementing this policy, Karzai has shown a strong but deft hand. He recognized Fahim as the greatest force for disunity and corruption, and bluntly told him he had no choice but to yield total control of his ministry. The deftness showed when, after installing competent and ethnically diverse deputies under Fahim, Karzai let Fahim remain minister. It showed again when he held out to Fahim the prospect of a symbolic post as his vice presidential candidate in the October 2004 elections and then, at just the right moment, dumped him in favor of a brother of the late Tajik hero, Massoud. It did not hurt that Khalilzad had earlier sat both Karzai and Fahim down and told them they had to work together.

TO SUCCEED, the new policy had to convince alienated Pashtuns that their voice was now audible in government. This meant reaching out to moderate former Taliban. With U.S. backing, Karzai entered into conversation with such figures, going so far as to extend a hand to more intransigent emigré mullahs across the Pakistan border in Peshawar.

American critics of U.S. policy complain that the Pentagon erred in delaying the formation of the Afghan National Army (ANA). Early efforts to organize the ANA failed because Fahim simply filled the ranks of the new force with his own loyalists, many of them unfit for a national army. Pashtuns quickly saw what was happening and quit the ANA in droves. But following the policy change, as Afghans across the land saw that "their kind" of people were finding places in the new government, it was possible to move forward with the ANA. The government launched another appeal for volunteers and this time they came forward in numbers.

The new policy also called for laying down a marker with the main warlords. Karzai and his American supporters therefore bluntly informed them that unless they began cooperating with the government they would be marginalized. International units had to back up such threats with credible force. This meant expanding the International Security and Assistance Force and getting it to operate beyond the confines of Kabul. The slowness with which this has proceeded is more than offset by the rapid expansion of coalition forces. Today the coalition's numbers have grown from 12,000 to almost 20,000 troops, 15 percent of them

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from America's coalition partners. Their ability to show up on short notice anywhere in the country, increasingly accompanied by ANA troops, throws remaining warlords on the defensive.

Closely coordinated with these developments is the steady expansion of the ANA, which now boasts 13,700 soldiers and will double that number by the end of 2005. The ANA cannot yet operate fully on its own. But when ANA contingents participated in face-offs between warlords in Faryab province in October 2003, and then in Herat this August, they were a significant factor in achieving positive outcomes. It is therefore no wonder that the ANA is oversubscribed with recruits.

The scales are tipping against the warlords, making their demobilization an attainable goal. A national agreement on "Disarmament, Demobilization, and Reintegration" that Karzai worked out this April went nowhere at first. But the 2004 goal of 18,000 demobilized warlord troops will now be met ahead of schedule. In September, General Wardak announced that all heavy weapons controlled by warlords (including Fahim himself) had been removed from Kabul.

The transition from warlordism to a national army depends on the Afghans' success in making deals with the former warlords. With a general amnesty in force, Karzai must offer a face-saving role to every demobilized militia commander not guilty of criminal acts.

Both Karzai and Khalilzad had assured Uzbek warlord Abdul Dostum of an honorable role once he demobilized his private army. But Dostum wanted more and attacked a rival warlord, defying Karzai to stop him. In the end Karzai, with United States, UN and British backing, succeeded in forcing both warlords to demobilize several thousand troops each. Both retain some forces today, but their usefulness is limited to helping the two save face as they play out their respective endgames.

A similar *opera buffo* was played out this August in Herat, where a Pashtun warlord named Shah, nominally loyal to Karzai, attacked the warlord boss of Herat, Ismail Khan. The United States sent in coalition forces backed up by some 1,000–1,500 ANA troops. Both warlords got the message. Shah was ordered to Kabul under house arrest, while Khan, his weakness exposed, petitioned the ANA and coalition for support. When Karzai sacked him, there was a flurry of protests but then scarcely a murmur. Khan's future remains uncertain as of this writing, but one thing is clear: It will be defined more by Karzai and Kabul than by Khan himself or his old network in Herat.

The Situation Today

THE ARMY is the major bulwark of Afghanistan's future security, but the police are equally important. The UN assigned Germany the task of developing the new police forces, but besides setting up a police academy, Germany achieved little. In 2004 the United States stepped in. Working with Interior Minister Jalali, it championed the concept of an Afghan National Police Force and built seven regional training centers. About 20,000 new police have already gone through these programs, with the total force of 62,000 expected to complete training by the end of 2005.

The 2002 Bonn Conference parceled out responsibility for rebuilding the Afghan state to various nations. Much work done under these initiatives was more form than substance, as countries were unwilling to commit the necessary personnel and money. During the past year, the United States has taken the bull by the horns. Before last winter's constitutional loya jirga, it helped Karzai resist calls by Germany and others to federalize Afghanistan, a move that would have opened the entire apparatus of state to

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"colonization" by clans. Since then, America has funded hundreds of advisors to assist the new ministry staffs as they introduce competence-based hiring. The United States is also establishing a Civil Service Academy in Kabul to prepare new generations of qualified administrators. Such initiatives are gradually putting the UN-mandated government in Kabul in charge of the country. Step by step, the government is starting to look serious, not only in Kabul but in the provinces as well.

The Afghans themselves have initiated measures to strengthen their government, including the decision for the government to coordinate the work of nongovernmental organizations (NGOs). The several thousand NGOs working in Afghanistan helped avert the humanitarian crisis that was widely predicted in late 2001. But their achievement had a negative side.

Committed to rendering assistance as quickly as possible, many NGOs all but ignored the Afghan government, which seemed to them more a source of roadblocks than help. Soon they had created what were in effect parallel structures at every level. They hired the most capable locals and paid them far more than they could receive as civil servants. By so doing, NGOs undermined efforts to upgrade Afghan governance.

At the December 2003 donors meeting in Tokyo, Minister of Finance Ghani demanded that all NGOs register and provide information on their activities. He also announced the formation of the Afghanistan Assistance Coordination Authority to oversee the flow of external funds into the country. The donor countries approved.

Good governance must include citizen participation. By ratifying the Northern Alliance's power grab, the Bonn conference convinced many Afghans that their voices would never be heard in government. But the second constitutional loya jirga in December 2003 succeeded in correcting all the mistakes committed in Bonn.

Its achievement was to bring the Pashtuns and Hazaras back into the national polity. Germany may have provided the tent, but the measures that enabled excluded groups to feel fully vested in the new Afghanistan trace to Afghan moderates and the solid support they received from the United States.

Skeptics predicted that impoverished Afghans would take no interest in elections, but 85 percent of those eligible actually participated. The same skeptics predicted that Pashtuns at the loya jirga would turn the tables by purging Tajiks and Uzbeks, but this did not happen. These shows of responsibility and moderation convinced many foreign governments and Afghans themselves that Afghans were capable of self-government. Its self-confidence renewed, the Kabul government moved to establish elective councils at the provincial and district levels. Americans will help this project by setting up a massive program of training courses for elected members of these councils.

MEANWHILE, national elections loomed. The killing of twelve election workers by "Taliban" forces convinced some observers that elections were doomed. But 10.3 million Afghans registered to vote, more than the UN's estimate of the total eligible. Double registrations doubtless occurred but were a minor flaw. Credit for this success goes to the UN, but it could not have succeeded without the security provided by the Afghan government and its American partner, and without the new spirit of balance they worked to foster.

The high politics of the elections again threw fuel onto the skeptics' fire. Some charged that there were too many candidates for a fair vote; others claimed

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that Karzai was running unchallenged. Neither charge is warranted. The large number of aspirants was a credit to Afghans' readiness to engage in elective politics. And any field that included the likes of former Minister of Education Yunos Qanooni, a controversial but qualified professional, was not to be taken lightly. These developments, plus the high number of those who defied intimidation to vote, provides further evidence that Afghanistan has turned the corner from military confrontation to normal, albeit fierce, politics.

Afghans were grateful for humanitarian assistance that saved them from starvation in 2001–02. But as late as the end of last year, few major projects of economic and social development had yielded convincing results. Indeed, the main money for reconstruction came only this past spring. The delay created a potential crisis of rising expectations.

The Pentagon's innovative Provincial Reconstruction Teams (PRTs) are an important part of the solution to this problem. PRTs provide a highly visible security presence and also undertake local development projects. Initially, NGOs and some coalition partners criticized the concept for mixing security and development. But when Afghans welcomed them, doubts vanished. Today many countries are sponsoring the 19 PRTs, although those in dangerous provinces are mainly staffed by Americans.

Equally important was the reconstruction of roads and bridges. Regional trade is the most powerful engine for economic development in Afghanistan and Central Asia generally. This year the Kabul-Kandahar highway rebuilt by the United States and Japan cut travel time between those two centers by two-thirds. When the United States persuaded Japan and Saudi Arabia to rebuild the long segment of the national "Ring Road" to Herat, this prompted Uzbekistan, India and Iran to build further links to adjacent countries.

Who will link the Ring Road with the Arabian Sea to the south? Russia, India and Iran are building a new Iranian terminal that will enable India to import gas and products from Central Asia and Afghanistan without crossing Pakistan. China and Pakistan meanwhile are constructing a major port at Gwadar, west of Karachi, with links to Kandahar. Whoever wins this geopolitical competition, Afghanistan benefits.

The United States is moving ahead with hundreds of other projects. USAID, for example, is training classroom teachers, 30,000 of whom will have completed the courses by the end of 2005. Scores of clinics, power generating stations, and even industrial parks are being put in place. An American University will soon rise in Kabul.

No less important than the sheer quantity of such projects is the fact that Afghans figure prominently in nearly all of them. Thus, PRTs are overseen by a council chaired by Minister of Interior Jalali. The Afghan government is organizing local councils to guide development in the country's 20,000 villages. Women figure prominently in those already functioning. All this activity is developing a normal market-based economy in a country that has not known one for two generations.

DESPITE the naysayers, military, social, political and economic stabilization is well underway in Afghanistan. Increasingly, the country's security is protected by Afghans themselves. New institutions are reviving and strengthening the unitary state that existed in Afghanistan prior to the Soviet invasion. Elective principles are gaining adherents. Declining levels of political violence enable Afghans to focus attention on the economy, which grew by 30 percent in 2003 and will reach 24 percent this year. When donor countries this March raised their earlier commitment of

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$4.5 billion over three to five years to the same amount for a single year, they did so as investors, encouraged by the fledgling enterprise's progress. Afghanistan now has a reasonable chance of becoming, over time, a normal and prosperous country.

To be sure, Afghanistan is still a land of misery, the world's poorest country after Sierra Leone. It is still a dangerous place, where rockets can still be launched against senior officials and where even a walk in one's apricot orchard can end in bloodshed caused by an exploding landmine.

Nor can one ignore the drug trade. Afghanistan is again the world's chief producer of opium and heroin, with fully half of its GDP deriving from these products. But it is unwarranted to ascribe this problem to the "failure" of U.S. policy. There has been no policy to fail, and precious little money. In 2002 the United States allocated a mere $23 million and nothing in 2003 for the struggle against narcobusiness in Afghanistan. Only now is the U.S. government drafting an action program for eradicating drugs.

Opium production, however, is not driven by domestic demand. Afghans produce heroin because of unquenchable demand in Europe. Nor are Afghans wallowing in the profits of this illegal traffic: Less than one twelfth of profits on Afghan heroin ends up in Afghan hands; the rest goes to drug barons in Russia, Turkey, Iran, the Balkans and western Europe itself.[3]

Despite all this, prospects for reducing production in Afghanistan are good. Opium production in Afghanistan was insignificant prior to the Soviet invasion and definitely not an accepted part of the local culture. Even today, barely 5 to 10 percent of Afghans derive their income from drugs. Many development projects that will affect the environment in which drugs now flourish are only now underway. The extension of trade deeper into the countryside, the renewal of irrigation systems, the improvement of internationally marketable crops, the economic empowerment of women, and improved local governance and police all hold promise for narcotics reduction.

Most Afghans are optimistic about the future. This is affirmed by the decision of two million Afghans to return to their homes from Pakistan and another 1.2 million from Iran. These Afghans have concluded that their prospects are better in Afghanistan today than in any other place open to them.

THE COST to the United States has been significant. By late spring 2003, 121 American soldiers had lost their lives in Afghanistan, 53 of them in combat. The cost in money is also considerable. The price tag for a year's operations is $12.4 billion, of which $2.4 billion is for "Accelerating Success." And while it is true that other countries have contributed to reconstruction, the United States is still providing more than 31 of the other donors combined.

What does the United States get from "Accelerating Success"? First, by destroying the Taliban and working with the UN to build a solid new state on Afghan soil, the United States is removing that country from the list of "weak states" that pro-

[3]The comparison with Colombia is instructive. Cocaine production there exists to satisfy North American demand. Whatever one thinks of American anti-drug programs there, the United States accepts responsibility for Colombia's problem and therefore pays $7.5 billion to fund "Plan Colombia." By contrast, Europe, with the partial exception of Britain, does not acknowledge its culpability in Afghanistan's tragedy. Progress against Afghan drugs will begin only when Europeans admit that the problem traces to their own citizens' addictions, and that this obliges them to provide the massive help that the United States extends to Colombia.

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vide safe havens for Al-Qaeda. Besides lifting a horrific burden from 25 million Afghans, this sends a clear signal to countries like Saudi Arabia and Pakistan that their support for brutal Islamist regimes will no longer be tolerated.

Second, the United States is attacking in Afghanistan the soil in which extremist regimes germinate, namely poverty. Many Islamist leaders come from the upper middle and upper classes, but they pitch their appeal to the desperate poor. Poverty is especially prevalent in the mountainous regions of Afghanistan. The alleviation of poverty there shows the path to progress in other embattled mountain zones like Kashmir, Chechnya, Karabakh, Nepal, the Balkans and Colombia.

Third, what happens in Afghanistan affects the entire region. To its east lies Pakistan, long isolated from the larger world by wars in Afghanistan and neglected by the United States. To the north lie the new states of Central Asia, for whom the Taliban posed a serious threat that Russia could easily exploit. For both, the transformations wrought by American initiatives in Afghanistan constitute the greatest opportunity for positive change since they gained independence.

This actually understates the achievement. The transformation of Afghanistan is calling back into being an important world region: the true, larger Central Asia. Split by the czarist Russian and later Soviet border and then wracked by fighting for a generation, this ancient cultural and economic region long vanished from the world's consciousness. Now, for the first time since the 19th century, Afghans and the peoples of Central Asia are all independent.

By re-opening ancient east-west and north-south trade routes, the United States and its partners are creating a great new Eurasian economic zone. Afghan trade with Pakistan has grown sixfold in three years and has quadrupled across Iran to the Middle East and Turkey. If the Asia Development Bank succeeds in its $2 billion plan to link India, Pakistan and Afghanistan by roads and railroads, this new economic zone will extend even to South Asia.

WHAT DOES the United States gain from its investment in Afghanistan? Besides immediate benefits, it improves its own long-term security. This occurs as it turns a battle-torn and economically stagnant zone into a peaceful, stable and economically dynamic region ruled by governments that have seen the dangers of extremism and have chosen moderation instead. These moderate states with predominantly Muslim populations view America as a loyal friend. To the rest of the world they present a viable alternative to what has prevailed across most of the Arab Middle East.

Finally, success in Afghanistan underscores the importance of the distinction between *nation-building* and *state-building*. It is surely all but impossible for the United States artificially to create political communities at the national level where none exists. But it can enhance the ability of political communities to govern themselves; help secure the borders and gain international acceptance of their new states; promote a reasonable ethnic or regional balance within governmental institutions; work to enable central governments to collect taxes and deliver essential services across the national territory; help in the introduction of national currencies and promote macroeconomic stabilization; and assist in the creation of local institutions and security arrangements that will give citizens the confidence to rebuild the economy from the bottom up. These basic notions, which transcend the usual fractiousness of U.S. domestic politics, can and should become the guiding principles of future efforts in Iraq and elsewhere. □

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Jihad Archipelago

Greg Sheridan

IT'S ALWAYS perplexing in Washington, as in most Western capitals, that when one attends a seminar about Islam, it is generally focused on the Middle East, with perhaps an occasional nod to Pakistan and the Islamic bomb.

Indonesia, the most populous Islamic nation in the world, seldom rates a mention. There are 200 million Indonesian Muslims (out of a total Indonesian population of 230 million), more than can be found on the entire Arabian peninsula and many more than live in the next two most populous Muslim states, India and Pakistan. Yet Arab disdain for the peoples of the region (charging, for example, that they don't even speak Arabic, the language of the Prophet), a disdain generously reciprocated by Southeast Asians for the Arab world, has kept Southeast Asian Muslims on the margin of Muslim debate and out of Western consciousness. That low profile has been greatly to the benefit of the stability and independent evolution of Islam in Southeast Asia. But this is set to change, both because of the increasing economic and strategic strength of Southeast Asia and the spread of Islamist terrorism.

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There is today a life and death struggle under way in Indonesia and its Southeast Asian neighbors over who owns Islam, a contest that is almost as important as any political battle facing the international community. In many ways it is a conflict of globalization, though not in the usual sense. For in this battle the interests of the West lie overwhelmingly in the triumph of the local, the ethnocentrically particular and the traditional—against the interests promoted by global communications technology and the spread of internationalist ideas.

In Indonesia, as in much of Southeast Asia, the central struggle is between local Islam, which is characteristically tolerant, moderate, syncretic and pluralist, and globalist Islam emanating from the Middle East, which is paranoid, intolerant, extremist and viscerally hostile to the United States and the larger West. The most important manifestation of this clash of ideas are the activities of Al-Qaeda-linked terrorist groups in Southeast Asia, pre-eminent among them Indonesia's Jemaah Islamiyah (JI), responsible for the terrorist bombing in Bali in 2002 that killed more than 200 civilians.

But the deeper difficulty lies in the interaction between terrorist groups and their sympathizers on the one hand and emerging mainstream political Islam on the other. These two strands of Islamic thought share a disturbing amount of common ideological ground. This means

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that extremists, despite the fact that the vast majority of Indonesians rejects their violent methods, can have a profound, perhaps decisive, influence on the development of Indonesian politics.

Similar struggles of different intensity are underway in the Muslim communities of Malaysia, the Philippines, Thailand, Singapore and Brunei, and in the smaller scattered Muslim communities of the region. While there's no need to panic yet, Western policymakers must understand that there is a long, bitter fight ahead.

Surveying the Region

MALAYSIA IS generally the most Islamically conservative Southeast Asian society of any consequence. Only about a tenth the size of Indonesia, its recently retired long-term leader, Mahathir Mohamad, made a career of baiting and lambasting the West. But although much that Mahathir said was offensive, particularly his weird remarks about Jews controlling the world, he was at heart an opponent of Islamic extremism.

The key fault line in Malaysia is racial, but the racial and the religious overlap. The majority Malay population is Islamic, but Chinese and Indians, overwhelmingly not Islamic, together make up nearly 40 percent of the population. Mahathir's government pursued a policy of "affirmative action" for the Malays, the *bumiputras* ("sons of the soil"), who are not as wealthy as the Chinese. The minority races in Malaysia thus feel a permanent sense of grievance because government policies discriminate against them. However, at the same time as he railed against the West, Mahathir pursued sensible pro-growth policies very friendly to Western investment. As a result, the Malaysian economy has grown strongly now for two and a half decades. Chinese and Indians have felt that even in the face of official discrimination, there is room for them to get ahead. It has been a classic case of a larger pie making everyone a little fatter.

That is not to say political Islam has been quiet. Rehman Rashid, in his scintillating memoir, *Malaysian Journey*, recounts that the 1979 Iranian revolution had an electrifying effect on young Malays, convincing them that Islam had a political destiny. But as the squalid reality of Iran under the ayatollahs became clear, Malays turned against the Iranian model. The Chinese and Indian minorities, of course, were terrified of it.

Malaysian Islam took a different path and so did its dominant political party, the United Malays National Organization. Mahathir's rebarbative anti-Western rhetoric obscured the novelty and importance of the experiment he was undertaking in Malaysia. By linking traditional Islamic piety with East Asian economic dynamism, Islam became a friend of economic modernization, and vice versa. It may not have worked perfectly, but it was better than anything else then on offer in the Islamic world, with the possible exception of Turkey.

Mahathir fused ethnic identity, religious allegiance and useful regional imperatives. The 1980s and 1990s, up until the 1997 regional economic crisis, were good times for Southeast Asian economies. Mahathir called his policy "Look East" and exhorted his countrymen to "learn from Japan." Under Mahathir, Malaysia boomed. Now Kuala Lumpur, Penang and other Malaysian cities are solidly middle class, with everything that implies for social and political stability.

For a time it looked as though a fundamentalist Islamic party, PAS, would challenge the ruling coalition, especially after Mahathir fell out with and jailed his former deputy, Anwar Ibrahim. But the 9/11 attacks further discredited Islamic extremism. At the most recent elections early in 2004, Mahathir's successor, Abdullah Badawi, a more moderate leader who has

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dropped most of Mahathir's anti-Western posturing, won a large victory over PAS.[1]

Malaysia is thus one of very few predominantly Muslim nations in the world to succeed at widespread economic development and to experience the consequent development of a middle class and the social stability that results. It has spawned some terrorists, including leading JI figures. But it has been ruthless in interning home-grown extremists and cooperates well with the United States and other governments on counter-terrorism. The government still finds plenty on which to criticize the United States. But it is surely preferable to have a government that criticizes the United States but produces a strong, stable society, than one that praises the United States but cannot handle the challenge of extremism.

SADLY, THE Philippines falls into the latter category. The Philippines is the strangest nation in Southeast Asia and the one with the strongest Islamic extremist movement. It is predominantly Catholic (though with strong mystical influences) and more American than anywhere else in the region. Hispanic in political culture, it is schizophrenic at many levels of national identity.

There are approximately four million Filipino Muslims out of a total population of 85 million. Concentrated in Mindanao in the southern part of the Philippines archipelago, this community has never accepted rule from Manila. They resisted Spanish and American colonialism as well as conversion to Catholicism, and they were never fully pacified after independence. The Muslims in the south are called Moros, originally a derogatory derivation of the word "Moors", whom the Spanish had long experience in fighting. The Moros' political evolution is a telling sign of the way Islamic extremism has replaced all other ideologies as the dominant expression of serious discontent among Muslim communities.

Mindanao's modern insurrection was first led by the Moro National Liberation Front (MNLF), which had quasi-Marxist roots. But it was displaced by the Moro Islamic Liberation Front (MILF). The change in nomenclature signified a fundamental change in ideological momentum. The so-called peace process in the southern Philippines, like so many such processes around the world, is perennial, always hopeful, but never successful. Even when an agreement can be reached, rejectionists simply split and form a new group.

The MILF is a very strange beast. It may have as many as 12,000 men under arms. State Department officials would like to list it as a terrorist organization but don't because that would torpedo the peace process, such as it is. The United States has also held out many carrots for the MILF, including telling members privately that they could have veto rights over tens of millions of dollars of U.S. assistance. But nothing has enticed them into giving up their demand for a new, separate Muslim nation, which naturally the Manila government cannot countenance.

The MILF-controlled areas of the south provide both the training camps and the vital rest and recreation hinterland for the region's Islamist terrorists, especially JI operatives from Indonesia. The MILF claims it is not part of broader Islamist terrorism, but there is no doubt that they have provided, and continue to provide, training camps for JI terrorists. This allows JI to constantly replenish its stocks through new training programs, even though some 200 JI operatives have been captured or killed in Southeast Asia

[1]Malaysia's elections are clean if not fair. The opposition suffers various annoying restrictions, and the media is overwhelmingly sympathetic to the government, but ballots are not stuffed, as evidenced by the fact that two of the 13 federal states are controlled by the opposition.

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in the last three years. In exchange, JI trains MILF cadres in some skills, especially sophisticated bomb-making.

Throughout Mindanao, as throughout much of the Philippines, crime is rampant, and the MILF has integrated itself into the criminal world. At the same time, corrupt members of the Philippines armed forces have aided the MILF. In July 2003 a young naval lieutenant, Antonio Trillanes, attempted a farcical coup in the Philippines. The coup failed, and he was duly arrested. But the event prompted regional analysts to look into research papers he had written while at the Philippines National College of Public Administration. The papers described in shocking detail the involvement of the Philippines navy in dozens of incidents of seaborne smuggling of military and other supplies to the MILF.

A smaller Islamist terrorist outfit, the Abu Sayyaf group, is predominantly involved in kidnapping for ransom but has begun in recent years to carry out bombings. It is much more overtly linked to Al-Qaeda, and among its leaders are veterans of the Afghan war against the Soviet Union.

The broader picture in the southern Philippines is of the failure of the state. Substantial Philippines military operations, backed at times by hundreds of U.S. troops in a so-called "advisory" role, have made little progress against either Abu Sayyaf or the MILF. Until its military becomes more effective, and numerous other arms of the state can deliver the services and order they are supposed to, the prospect is for more of the same. In many ways it is the most disturbing piece in the Southeast Asian jigsaw.

THOUGH NOT nearly as challenging as the Philippines, Thailand has the potential to become yet another sore spot in the region. The Thai state is effective and its economy, like Malaysia's, is moving forward. But trouble is brewing. There are about four million Thai Muslims, out of a total population of some 60 million predominantly Buddhist Thais. Most Thai Muslims live in a few southern provinces that border Muslim Malaysia.

Historically, there has been separatist agitation in the south, but in recent years this had settled down. High profile Muslims served in senior positions in the cabinet—former foreign minister Surin Pitsuwan is an example—and the growing economy had improved everyone's lot. But 2004 produced an extraordinary spate of killings and terrorist attacks in the south. As with similar attacks in the Philippines, these have not gotten much publicity in the West because they have not been directed against Western targets.

The level of violence in southern Thailand has been quite shocking. In the first eight months of 2004, according to private but reliable Thai estimates, some 500 people died as a result of radical Islamist violence. The Thai Government would argue that this is an overestimation, but the number of deaths is certainly in the hundreds. There have been attacks on police stations and other government buildings, burnings of schools, beheadings of Buddhist figures and suicide attacks on government soldiers.

Undoubtedly, Prime Minister Thaksin Shinawatra's government has been clumsy in its dealings with southern Muslims. The worst episode was the grotesque overreaction to a riot in Narathiwat province in October. After the riot, the military crammed most of the rioters, some of them injured, into army trucks. After hours in the tropical heat, more than seventy of the rioters died, from suffocation, broken necks and convulsions. This was an entirely unrepresentative act by the military, and the government has apologized and promised an inquiry. Although the episode was indefensible and a great boon to the ter-

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rorists, the most salient fact about the separatist violence is that the campaign was in full swing months before this tragedy occurred. No one thinks that the Thai terrorist and criminal groups in the south are being directed by Al-Qaeda, or even JI. Indeed, some government spokesmen dismiss much of the violence as mere criminality on a large scale. But JI has operated in Thailand, and some southern Thai Muslims served in Afghanistan, fighting the Soviets. Moreover, it is clear that some Thai militants cross the border into Malaysia, where they get ideological guidance and other support.

It is the timing of the upsurge in violence in southern Thailand that is most suggestive of JI and Al-Qaeda influence. It coincides with an increase in Islamist terrorist violence in other parts of Southeast Asia and elsewhere in the Muslim world. This indicates that Al-Qaeda is now as important as an ideology as it is as an organization. As an ideology it offers disgruntled Muslim populations a prism through which to interpret their grievances and a way to respond to them. The interpretive prism centers on Western and infidel imperialism and the operational response is terrorism. Thailand is a generally well-run society with effective governmental agencies, but what is most notable about the troubles in the south is the difficulty the police and the military have had in coping with it. Part of the problem is that it is not a huge leap from paranoid, conspiracy-theory-ridden Islamist extremism, which is non-violent and therefore legal, to support for terrorism. Some analysts believe that Thailand is on a knife-edge. If terrorism should spread to Bangkok, where at least one JI embassy bombing plot has already been foiled, or to tourist destinations popular with Westerners such as Phuket, the effect could be devastating.

Singapore, of course, is a model of order and decorum in this troubled region. But Singapore avoided something like its own 9/11 only by the slenderest of margins. Ethnically, Singapore is the opposite of Malaysia—majority Chinese, with substantial Indian and Malay minorities. It is strictly a meritocracy, and its four million people form the most affluent and stable society in all of Southeast Asia. Yet it came desperately close to suffering a catastrophic terrorist attack. As a result of the U.S. operation in Afghanistan, evidence was discovered that disclosed a JI plot to blow up the Singapore embassies of the United States, the UK, Israel and Australia, as well as other economic targets. Planning and logistics were at an advanced stage. One of the many shocking aspects of all this for Singaporeans was that the arrested bomb plotters were mostly middle-class young Muslim men who had quite a decent education and enjoyed reasonable jobs.

Singapore may not be everyone's ideal society, but there was nothing in these people's experience which should have led to terrorism. It was the Singapore plot which first showed us that, as with so many Middle Eastern terrorists, it was not the life experiences of Southeast Asian terrorists that counted, but their ideology.

The other Muslim state in Southeast Asia is Brunei, a tiny, oil-soaked sultanate of 350,000 souls, aptly described as a cross between Saudi Arabia and Brigadoon. Though the royal family spends vast sums of money on itself, Brunei is a mostly gentle place that spends a respectable proportion of its oil wealth on the welfare of its people, who are pampered by regional standards. Its Islam is conservative, but this has not had very great political consequences as there has been, until very recently, virtually no political culture in Brunei, which is an absolute monarchy. Brunei has started to experiment with elections and a parliament, but the trajectory of this endeavor has yet to be firmly established.

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The Future of Moderate Islam

INDONESIA remains the center of Southeast Asian Islam, because of its size. It is the home of JI, but, as with all terrorist groups in Southeast Asia, they represent only a tiny fraction of the population. If there is such a thing as moderate, activist political Islam, it exists in Indonesia.

On paper, Indonesia should be an emerging regional power. It is the world's fourth most populous state, and since the fall of long-time dictator Suharto in 1998, it has made a remarkable transition to democracy. In 2004 it held its first direct election for the presidency, and the results were good news for the opponents of Islamic extremism. The winner was former general and cabinet minister Susilo Bambang Yudhoyono, a secular-nationalist. Indeed, the top four candidates were secular-nationalists with the only Islamist coming in fifth.

Still, the election campaign uncovered some problems as well. Yudhoyono was certainly the best candidate for the job, and was the preferred choice of both Washington and Canberra. As a former security minister he was the most active senior figure in promoting effective counter-terrorism action. And he is certainly prepared to denounce terrorism publicly. Yet not he nor Megawati Sukarnoputri, the defeated incumbent, nor the other leading figures in Indonesian politics, has been prepared to denounce JI by name. (After all, the term Jemaah Islamiyah literally means "Islamic community.") This creates a certain sensitivity for Indonesian leaders, but no one outside Indonesia doubts that JI is a formal and deadly terrorist organization. It is on the United Nations' list of terrorist organizations, yet Indonesia has declined to ban JI. It has also declined to close down a network of *pesantren*, or Islamic boarding schools, of which many JI terrorists are alumni.

Indonesia is a fascinating nation of vast ethnic variety sprawled across a diamond necklace of islands at the southern base of Southeast Asia. Like all huge nations, it gives the impression of being a universe unto itself. It is only really a nation at all because of the happenstance of colonial history. One of its few unifying forces has been Islam. Another, somewhat as in Turkey, has been the military.

Indonesia's state apparatus is more effective than that of the Philippines but less than that of Thailand. Its response to Islamist terrorism has been characteristically unique, uneven and perplexing. There is a lot of political violence in Indonesia, as is common in such a vast and poor nation. Much of it is just criminality, and still more is unclear in its parentage. A series of bombings of Christian churches around Christmas 2000 was wrongly thought at the time to be the work of disaffected elements of the military pursuing some obscure agenda. We later learned it was the work of the Al-Qaeda-affiliated JI.

The biggest terrorist incident in Indonesia was the Bali bombing of 2002. There have been spectacular bombings since, such as at the Marriott Hotel in Jakarta in August 2003 and outside the Australian embassy in September 2004. But neither rivaled Bali in the deaths it caused. In response to the Bali bombing, the Indonesians responded promisingly. They welcomed the participation of the Australian Federal Police as well as U.S. assistance, and through highly skilled forensic work, tracked the vehicle used in the bombing. This led in turn to the arrests of the bomb plotters themselves.

Then, to everyone's amazement, the Indonesians ran a transparent public trial and convicted more than thirty terrorists of complicity in the bombings. Some of them received the death penalty. The trials themselves were of immense importance. They are close to unique in the Muslim world. They punctured the anti-

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Western paranoia that infects even moderate Islamic ideology. The relentless presentation of evidence, the long testimony of witnesses, including survivors and friends and relatives of the dead, did more than anything else to educate the Indonesian public about the reality of terrorism in their midst.

Not long after the Bali bombing, I traveled extensively in Indonesia and other parts of Southeast Asia and was dismayed by the pervasive conspiracy theories, even among genuinely moderate Muslims. The U.S. Navy had visited Bali not long before the bombings, I was frequently told, and the explosives used were of a U.S. military type (which turned out to be untrue). The bombing was designed to force Indonesia into the U.S. anti-terror coalition and so on. Indonesia's president at the time, Megawati, did nothing to counter these conspiracy theories. All of this was shattered, however, by the Bali trials, not least by the testimony of the bombers themselves, some of whom yelled as they were led into court: "Death to the Americans! Death to the Jews! Death to the Australians!"

UNFORTUNATELY, this victory for counter-terrorism was at least partially neutralized by the government's treatment of Abu Bakar Bashir, the Islamic cleric at the center of the JI network. Bashir was not charged with offenses relating to Bali but he was charged with being head of JI, even though JI's existence is not formally acknowledged in Indonesia. The court decided he was innocent of this charge, but to do this it had to ignore the testimony of a JI terrorist in custody in Singapore.

There is not a single analyst in Southeast Asia who does not believe Bashir is at the center of JI. He is routinely described as its spiritual leader. Yet the attitudes of official Indonesian leaders to Bashir were disturbingly ambivalent, with Hamzah Haz, the then vice-president, visiting Bashir in jail. Bashir has been charged with a new slew of terrorism-related offenses and remains in jail. Perplexingly, he remains free to give media interviews. He continues to deny any involvement with terrorism, but the ideological content of his interviews gives a sense of the outlook of his movement. He recently told an Australian magazine, "America will not be a superpower if Islam stands up. It is clear [there will be a clash of civilizations] because *kafir* [non-Muslims] are evil and Islam is good." When asked specifically about Indonesia, he replied:

> The world and Indonesia belong to Allah. Therefore it should be ruled under Allah's law without bargaining. I believe the clash of civilizations will continue, but in the end Islam will definitely win. It has been predicted by our Prophet Muhammad.

And on the U.S. president: "Bush is being used by the Jews. The Jews are the most evil men in the world."

This is a true picture of Jemaah Islamiyah's ideology. Its international cooperation across Southeast Asia is impelled by its desire to set up a new united Caliphate across all the Muslim areas of the region, including even territories such as East Timor, which are not now populated by Muslims but were once under Muslim rule.

JI is believed to have 25,000 to 30,000 followers in Indonesia, more than enough to make life difficult. Moreover, JI has deep roots in sections of Indonesian society both through its *pesantren* network and because it is the successor of a much older movement, Darul Islam, which struggled in the earliest days of independence to make Indonesia an Islamic state.

What is more worrying than this extremism, however, is the way genuine moderates sometimes refuse to acknowledge its reality. Hasyim Muzardi, Megawati's vice-presidential running mate,

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said during the election that JI did not exist in Indonesia, even if it existed in other countries, and that the United States was exaggerating the terrorist threat in order to gain more influence in Indonesia.

Muzardi's comments were particularly distressing because he was also chairman of Nadhlatal Ulama ("Religious Scholars"), the world's largest Muslim organization with some 40 million members. It has been the bastion of tolerance and moderation in modern Indonesia. Islam came to Indonesia on the ships of traders and from the mouths of Sufis. Nadhlatal Ulama honors traditional Malay customs and mysticism. Its approach to Islam is syncretic and respects the rights of non-Muslims. It is big enough with sufficient resources and self-confidence to have produced its own interpretations of Islam. Although many of its leading members spend some time studying in the Middle East, it is proud of its distinctive approach to Islam.

A former leader of Nadhlatal Ulama, Abdurrahman Wahid, was once president of the country. Indonesia sets a high standard of eccentricity among its leaders, and Wahid was no exception. He was also a courageous democrat and the most remarkable leader of a national government the Muslim world has seen in recent years.

In his writings, speeches and interviews, he stressed that Indonesian Islam had developed over many centuries and its character would not be easily changed by Middle Eastern or other foreign influences. He was prepared to say things no other Muslim leader would. He once told me in an interview, for example, "Israel is a democracy in a sea of misunderstanding", and that Indonesia should have diplomatic relations with Israel. He also told me that he did not think Palestinian leader Yasir Arafat was brave enough to make peace.

Wahid is an unusually fearless Muslim leader, but there are many Indonesian intellectuals in his tradition. The activities of JI are designed in part to challenge the leadership of moderates. They also frighten off foreign investment and tourism, which are critically important in a country as poor as Indonesia. Terrorists want the moderate state to fail so that the practice of moderation itself is discredited. So far, the Indonesian people are not buying the extremists' message.

IN HIS influential book, *Beyond Belief: Islamic Excursions Among the Converted People*, V. S. Naipaul famously argued that Islam crushes the converted peoples by casting their non-Islamic histories as illegitimate. He contends that in converted lands such as Indonesia, the Muslim fundamentalist rage is directed against the local past in an effort to erase its non-Muslim aspects. However well this thesis may apply in other Muslim lands, it seems an overdrawn proposition in connection with Indonesia, where most people are proud of their country's complex and diverse history, with its long Hindu period and its Buddhist and mystical and animist traditions.

It is true that the forces of global Islamist extremism aim to Arabize and standardize Indonesian and Southeast Asian Islam. They are not, however, having it all their own way, and the forces of civilization are by no means exhausted. The region's fight to hold true to its vision of Islam and to honor its own ethnic and cultural traditions while embracing economic and social modernization is an epic struggle of our time and one in which the West has a deep interest. □

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Enforcing Nuclear Disarmament

Amitai Etzioni

EVER SINCE I was a student in the early 1950s, I have been told that world government is a dream of starry-eyed idealists. But a form of world government is coming into being, although not the one that Immanuel Kant, Bertrand Russell or the United World Federalists envisioned. It is not the vast web of rules and norms embodied by the United Nations and the European Union. It is not based on shared ideology, race or religion. And it is not a byproduct of the Wilsonian daydream of a world rapidly democratized by the application of American power.

It is motivated, rather, by realism and specifically by the robust response to terrorism. What began in the 1970s as a largely regional problem arising from a uniquely volatile set of circumstances—namely, Middle Eastern terrorism—has slowly become a global phenomenon. International terrorists and those who support them are being recognized by most of the world's governments as a collective threat to their national security. These threats—what President Clinton called an "unholy axis of terrorists, drug traffickers and organized international criminals"—are the impetus for the formation of what I have termed a Global Safety Authority (GSA). The GSA is maintained by the United States (which provides the lion's share of the funding and sets the agenda) and its allies, but it is comprised of most nations of the world, including other major powers such as China, India and Russia.

The Global Safety Authority is taking shape from the post-9/11 ad hoc anti-terrorism coalition, as informal interstate cooperation takes on a more permanent character. I use the term "authority" to indicate that this coalition is both legitimate and institutional, and therefore lasting rather than temporary or transitional. It can be described as a global police agency, but unlike typical intergovernmental organizations, the various individuals who staff the GSA (though they may be of different nationalities) largely work directly with one another. In carrying out their work, agencies such as the CIA, MI5 and the Mossad work closely with one another, and often do not first consult with their respective foreign ministries or more generally with their own governments. The same holds true for various members of special forces, surveillance entities, naval patrols and so on.

The GSA's main division, if you will, is the Antiterrorism Department, through which the intelligence and police services of some 170 nations now work

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together quite seamlessly. This is not a "coalition of the willing" defined by nominal participation: Fifty-five nations have changed their domestic laws to accommodate the global pursuit of terrorists. Military and intelligence units cooperate in untold corners of the globe. Phone calls and e-mails around the world are scanned by computers in the United States, the United Kingdom and Australia—and the information gleaned is shared with other countries. It pays little mind to national borders in the fight against terrorism, and it is not subject to any transnational authority to set boundaries and exercise oversight.

The most important division of the GSA, however, deals with deproliferation—the removal, forcibly if necessary, of nuclear arms, material and components from those states deemed by the international community to be insufficiently stable or reliable; and the replacement of these items with safer technologies or economic assets. For as countless politicians, government officials and analysts have noted, if even a crude nuclear bomb were to be successfully detonated in New York City, for example, the death toll would range in the hundreds of thousands and the economic cost would be more than one trillion dollars.[1] It is not surprising that President Bush identified stopping the spread of nuclear weapons as America's number-one foreign policy priority.

Deproliferation's goal—to prevent terrorists or rogue states from acquiring either the material from which nuclear arms could be made or the arms themselves—meets what I term "the triple test" for assessing the soundness of policy.[2] First, it addresses the interests of the nations most threatened, as well as their neighbors, and the global community at large. (I start with an appeal to national interests because the recent emphasis on soft power has not paid enough attention to the fact that the international "system" is much less normatively driven than are domestic polities. Hence, having complimentary interests is of special import.) Second, deproliferation has *prima facie* legitimacy—few anywhere around the globe doubt that the world would be better off if the availability of nuclear bombs and the material to make them was reduced. Finally, the level of cooperation needed to ensure deproliferation—including the development of new institutions and norms—is a major source of community building.

The Bush Administration has not left this vital matter merely in the hands of the International Atomic Energy Agency (IAEA), because as an arm of the United Nations, it has many of that institution's limitations. The IAEA also fully allows countries to acquire the materials from which bombs are made, as long as they promise to use them only for research, medical treatments or power generation purposes and allow inspectors to verify that they live up to these promises. Deproliferation as defined above requires giving up such materials completely. The United States has instead been orchestrating a multilateral approach to what it considers the most dangerous nations, Iran

[1]The costs and dangers of a nuclear incident have been well spelled out in a number of works. See, for instance, Graham Allison, "How to Stop Nuclear Terror", *Foreign Affairs* (January/February 2004); Graham Allison & Andrei Kokoshin, "The New Containment", *The National Interest* (Fall 2002); Matthew Weinzierl, "The Cost of Living", *The National Interest* (Spring 2004); Richard L. Garwin, "The Technology of Mega Terror", *Technology Review* (July 2002); and Ashton B. Carter, "How to Counter WMD", *Foreign Affairs* (September/October 2004).

[2]I outline the "triple test" in greater detail in my recently-published book, *From Empire to Community: A New Approach to International Relations* (New York: Palgrave/Macmillan, 2004).

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and North Korea. Iran is being pressured by the European Union, Russia and the United States to live up to its obligations under the Nuclear Non-Proliferation Treaty (NPT). Similarly, in sharp contrast to America's largely unilateral approach to deproliferation in Iraq (which turned out to have nothing to deproliferate), the United States has refused so far to conduct bilateral talks with North Korea. Instead, North Korea must negotiate with a five-country coalition including China, Japan, South Korea, Russia and the United States.

The nexus between deproliferation and the formation of new, robust, transnational security institutions and their relationship to global antiterrorism institutions is most evident in the formation of the Proliferation Security Initiative (PSI). In addition to the United States, the PSI has 15 "core participants", including Australia, France, Japan, Portugal and Spain. These nations have agreed to share intelligence and to stop all of the nuclear arms and materials shipments that pass through their territory, ports or airspace, or on ships flying their flags. They will also stop and board ships in international waters that are suspected of carrying WMD-related materials.

During summer 2003, the countries involved began joint military exercises to prepare for a wider implementation of these unprecedented and robust deproliferation steps. Some interceptions already have occurred, including the boarding of a ship deployed from a North Korean port. The Bush Administration gave credit to the PSI for Libya's decision to abandon its nuclear ambitions after a ship—the *BBC China*—loaded with nuclear components and headed for Libya, was intercepted. International lawyers question the legality of boarding ships on the high seas for purposes other than stopping piracy and slavery. The *BBC China* was a German flag ship that was persuaded to stop in an Italian port to be searched.

International law is not immutable. We have choices beyond just abiding by it or ignoring it. We can work to modify it to recognize fully the right of nations that seek to defend themselves and others to search ships on the high seas when there is a reasonable suspicion that they carry nuclear weapons or the materials from which they are made. The same holds true for cargo shipped on planes. They can be made to land *en route* and then be searched.

The State Department is careful to refer to the PSI as an "activity" and not as an organization, as this would imply the creation of a new security architecture outside the United Nations and the NPT. Whatever it is called, the PSI is a key example of how the creation of new transnational institutions and enhancing security build on one another. The more nations that find that deproliferation serves their interest and the more they view such action as legitimate, the stronger the transnational institutions these nations are constructing will become and the more these institutions will be able to contribute to deproliferation. This strengthening can be measured in budgets, command of military resources and intelligence priorities.

MUCH OF THE attention of deproliferation efforts has focused on rogue states, especially the three members of the Axis of Evil. However, terrorists may gain nuclear weapons from those who have ready-made ones, or make them out of highly enriched uranium (HEU) or plutonium. Experts stress that once terrorists have the needed materials, producing nuclear arms is a task that they can accomplish with relative ease. For instance, *The 9/11 Commission Report* observed that:

> A nuclear bomb can be built with a relatively small amount of nuclear material. A trained

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nuclear engineer with an amount of highly enriched uranium or plutonium about the size of a grapefruit or an orange, together with commercially available material, could fashion a nuclear device that would fit in a van like the one Ramzi Yousef parked in the garage of the World Trade Center in 1993.[3]

There are several reasons why nuclear terrorism is much more challenging than nuclear attacks from rogue states and hence deserves much more attention and greater dedication of resources than it currently receives. First of all, the list of rogue states is small and well known, and their actions can be monitored with relative ease. The opposite holds true for terrorists. Their numbers are large, their identities are often unknown, and their actions are difficult to track. Second, rogue states are easier to deter from using their nuclear arms than are terrorists, especially those willing to commit suicide, a sacrifice which more than a few have shown themselves ready to make.

It is true that the leaders of some rogue states are unstable, and they could act irrationally or simply miscalculate, disregarding the fact that their regime—and they personally—would not survive if they employed nuclear weapons against the U.S. mainland or even one of its allies—or if it became known that they provided terrorists with such arms. However, miscalculations of the magnitude that would lead a Kim Jong-il or the mullahs of Iran to use nuclear weapons are very rare indeed. In contrast, if terrorists acquired a nuclear bomb or the material to make one, they would not fear retaliation, and they could not be deterred by a balance of terror. Indeed, terrorists often hold that if their actions lead to attacks on their own homelands, then support for their cause would increase. Moreover, because terrorists are not the army of one state, it is often difficult to determine against which nation to retaliate, and thus whom to deter and how. This dilemma was all too evident when the United States learned after 9/11 that 15 of the 19 hijackers were Saudi Arabian nationals.

THEREFORE, there are several strong reasons to rank the danger of nuclear terrorism much higher than the danger of nuclear strikes by rogue states—yet U.S. foreign policy, its military, its intelligence agencies and their covert actions and other resources are focused on dealing with rogue nuclear states both alleged and real, and not the hundreds of sites from which terrorists can acquire nuclear material and the few from which they could obtain ready-made bombs.

Pakistan, the state from which terrorists are most likely to be able to seize nuclear weapons by toppling its government, by cooperating with certain dangerous elements of the government, or by corrupting the guardians of the bombs, is not on the Axis of Evil list. Indeed, the poor security of its nuclear weapons and the fact that it proliferates by selling nuclear designs and technologies to other countries are overlooked because of its help in dealing with conventional, small-potatoes terrorism. True, Pakistan has been instrumental in the capture of several high-ranking Al-Qaeda members who are now in U.S. custody and these are the very individuals who would be likely to organize a nuclear attack on America. However, there is no shortage of terrorists, and hence the greatest importance is to limit what they can get their hands on. Luckily, there are only a few nuclear bombs and a limited number of sites in which fissile material is stored. Upgrading security at these places or replacing these materials with less dangerous material is many thousands of times more practical than locking up all the dangerous people. All this calls for a radical shift in preven-

[3] *The 9/11 Commission Report* (New York: W. W. Norton, 2004).

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tion priorities from small-scale to massive terrorism, and from rogue states to the sources from which terrorists might readily acquire nuclear materials or ready-made bombs.

Russia is a major potential source of trouble. About 90 percent of the fissile material outside the United States and most of the small suitcase-sized nuclear arms (some of which are unaccounted for) are in this chaotic country.[4] The sites from which terrorists may acquire fissile material run into several scores, because they include nuclear reactors set up in many different countries—including underdeveloped states—for the purposes of producing energy, medical treatment and various forms of research. HEU of Russian origin is found in twenty reactors in 17 countries and of U.S. origin in forty countries. In addition, 105 civilian research reactors all over the world are using HEU.[5] Still other countries, for example, China and France, provided various nations with reactors and HEU. There is not even a full list of all these reactors.

Uncontrolled Maintenance

A RADICAL CHANGE in strategy is required if nuclear terrorism is to be prevented.[6] The sources from which terrorists could gain nuclear weapons or material should be eliminated rather than kept under one form of control or another, because such controls are inherently unreliable. The typical form of arms control allows nations to keep nuclear reactors using HEU, but they are expected to secure them and have their usages verified by inspections.

The controlled-maintenance approach relies largely on the NPT, which seeks to control the spread of nuclear weapons to additional states by classifying them into nuclear-weapon states and non-nuclear-weapon states, and placing specific restraints on each type. Five major nuclear-weapons states, identified as the United States, Russia, China, France and the United Kingdom, agreed to pursue disarmament and the non-nuclear-weapons states agreed not to develop or attempt to acquire nuclear weapons. The IAEA is entrusted with inspections to verify that "safeguarded" nuclear material and activities are not used for military purposes. Note, though, that a nation can refuse to sign the treaty (as India, Israel and Pakistan have), terminate its commitments after notifying the IAEA but keep its nuclear plants (as North Korea did), or readily mislead the inspectors (as Libya did and Iran is believed to be doing). Moreover, for inspectors to have a better idea of the nuclear activities of each of the 71 states with significant programs, these states each have to agree to conclude an additional protocol with the IAEA. Forty-seven states do not yet have these protocols in force. Among the nations that have HEU reactors are the Democratic Republic of the Congo, Ghana, Indonesia, Kazakhstan and Ukraine. Absurdly, nations still can establish such plants using HEU with the full blessing of the United Nations. Nigeria, one of the most corrupt nations in the world, just did that. Under the NPT, proliferation is in effect legal, although the proliferation is not of nuclear arms to rogue states, but of material from which terrorists can make nuclear arms to failing states. The NPT was designed to deal with responsible states, not to prevent terrorism.

This pre-9/11 conception of controlled maintenance must be replaced by

[4]See Graham Allison, *Nuclear Terrorism: The Ultimate Preventable Catastrophe* (New York: Times Books, 2004).

[5]Ironically, many of these reactors were set up by the United States under Eisenhower's Atoms for Peace program.

[6]See Ashton Carter, "Overhauling Counterproliferation", *Technology in Society* (Spring/Summer 2004).

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one of deproliferation. Deproliferation entails replacing HEU with low-enriched uranium (LEU), which cannot be used for bomb making, or with other sources of energy, or providing resources such as large-scale investments or foreign aid to compensate for the loss of the HEU reactors. The construction of new HEU plants should be prevented rather than treated as legal and legitimate, as it is under the NPT and by the IAEA. Given that deproliferation cannot be achieved everywhere at once, those countries in which security is poor and potential terrorists are rampant or have easy access to nuclear material should be given priority over those in which security is high and terrorist recruiting is rare. The difference between the NPT conception and that of deproliferation is akin to the difference between gun registration and removal of guns from private hands and most public ones, as is the case in most civil societies; in international terms, it is akin to the difference between arms control and disarmament of nuclear weapons.

Some of the advocates of the obsolescent NPT approach, who fear not without reason that deproliferation may lead to confrontations between the powers-that-be and those who refuse to give up their nuclear arms or HEU reactors, suggest that one may rely on deterrence in the future, even among new nuclear powers. After all, the United States and the USSR kept each other at bay for several decades. Pakistan and India will deter each other. North Korea might be deterred by a nuclear China and Japan, and Iran by Israel. These countries should hence be admitted into the "nuclear club", as long as they assume the same commitments as other nuclear weapon states under the NPT.

This approach has several serious flaws. First, it invites more and more nations to build the facilities they need to make or purchase nuclear arms and their means of delivery. Second, it leads these nations into a nuclear arms race in which each hardens its facilities and diversifies its means of delivery, which will require resources they could better dedicate to other purposes. Finally, it reinforces the notion that nations must have nuclear arms to be regional powers, as exemplified by the recent temptations of Brazil to violate its commitments to the NPT regime.

The more nations that acquire such weapons, the more likely it is that they will be used by unstable leaders, or due to miscalculations or unauthorized use. The United States and the USSR came quite close to nuclear blows several times, as did India and Pakistan, and Israel seems to have considered using nuclear weapons in the Yom Kippur War. Above all, the more nations that are in this dangerous business, the more sources there will be for terrorists to gain nuclear weapons. After all, terrorists cannot get nuclear arms or materials from countries that do not have them. Hence, trying to get more and more nations into compliance with the NPT—the current governing strategy—is of limited value.

All these problems are avoided to the extent that deproliferation is implemented. Where feasible, nations should be given incentives, cajoled, or pressured to deproliferate. When all else fails, under proper conditions, they should be forced to give up HEU in exchange for LEU or other energy sources or economic assets, and if they have nuclear arms, to give them up as well. This in turn may require, in some cases where there is a great imbalance in conventional forces, the international community to guarantee the country's borders.

From Theory to Practice

DEPROLIFERATION is by no means a pie-in-the sky idea. Indeed, some of the building blocks of a deproliferation strategy are already very much in place. Before 9/11, several nations gave up their pro-

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grams to develop nuclear arms (but not to build reactors fueled by HEU). These countries include South Africa, Brazil and Argentina.

The crowning success of diplomacy in the first years of the 21st century is the turning about of Libya from a nation that sought and obtained materials to enrich uranium to one that agreed to have such materials completely removed, all without a shot being fired. The turnabout came as a result of a combination of economic sanctions, diplomatic isolation and indirect threats. While the exact mix of these factors might not be exactly replicable elsewhere, the event highlights the merits of the deproliferation approach as compared to that of controlled maintenance. Libya was believed to be in compliance with the NPT, but it fooled inspectors by using undeclared nuclear materials and small, hard-to-detect facilities. The crucial point is that, as of 2004, Libya is no longer a source from which terrorists might get nuclear arms or the material needed to make them, nor is it a nation that needs to be deterred with nuclear arms lest it attack another with these weapons.

Another program, mostly viewed as part of the NPT project, but actually largely based on deproliferation principles, is the Nunn-Lugar legislation. It aims to fund the destruction of nuclear, chemical and other weapons; to assist in their transport from less secure republics to Russia; and to establish "verifiable" safeguards against weapons proliferation. However, the Nunn-Lugar projects do not focus only on nuclear weapons. They also deal with missiles, biological weapons and labs, and the like. Above all, their scope and budget are much too small to accomplish the large-scale deproliferation that is needed. The total expenditures of the variety of initiatives involved amount to about $1 billion a year, an amount five times smaller than the funds dedicated to the protection of one industry, airlines, from small-scale terrorism. In June 2004, Undersecretary of State John Bolton announced that $20 billion would be dedicated to deproliferation, but $10 billion of these funds are to be pledged by other nations, pledges that are not necessarily forthcoming and when they are, often not honored. Moreover, the United States is committing this $10 billion over ten years, which Congress could well fail to appropriate. In the past, only about $1 billion a year was allocated to Nunn-Lugar projects, and for fiscal year 2005, the Bush Administration's proposed budget includes no increase in the funds for Nunn-Lugar programs. Increasing the funding of Nunn-Lugar by at least one order of magnitude and including more nations beyond the former Soviet bloc in its program would be important steps on the road to deproliferation.

In 2004, Secretary of Energy Spencer Abraham announced a new initiative to retrieve fresh fuel of Russian origin and spent fuel of U.S. and Russian origin from research reactors around the world. The initiative also seeks to convert HEU to LEU in applicable research reactors. The media welcomed this announcement as a significant deproliferation step. But the amount allocated to this drive, $20 million over the next 18 months, is far too small to have a significant impact.

CHANGES IN the way North Korea is treated are an important case in point. Initially, North Korea was allowed to use its HEU reactors in line with the NPT, and the communist nation's compliance with the treaty was verified via inspections. In 1993, North Korea announced that it intended to withdraw from the NPT, after due notice, which it was entitled to do under the terms of the treaty. However, there is no provision that says it must give up its HEU reactors once it breaks with the treaty, which is a fatal flaw.

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In response to North Korea's threat to withdraw, President Clinton initiated a deproliferation approach by negotiating with North Korea to freeze all nuclear activities in exchange for the development of new reactors with fuel that could not be weaponized. Once the new reactors were completed, North Korea was to dismantle its old reactors and send its fuel rods out of the country to prevent their reprocessing into plutonium. For the next ten years, North Korea remained a party to the NPT, although its nuclear ambitions were not quelled. The new reactors were never completed, and in 2003, North Korea announced it was leaving the treaty and threw out IAEA inspectors.

The Bush Administration initially rejected Clinton's approach to North Korea and seemed bent on forcing this member of the Axis of Evil to disgorge its nuclear arms and submit again to IAEA inspection, that is, building on the old NPT concept. However, following the difficulties in Iraq and the realization that the North Koreans may already have at least one nuclear weapon, the Bush Administration shifted to seek deproliferation along lines similar to the Clinton Administration. True, so far it is unclear whether the deproliferation negotiations with North Korea will succeed, although the haggling seems mainly to be about tradeoffs. One thing is clear enough: Controlled maintenance has failed. Deproliferation is the order of the day.

The GSA and the United Nations

A FULL implementation of a deproliferation strategy may well have to draw on some exercise of force, when all else fails, and whether such an approach can be legitimated. One hopes that much can be achieved by offering nations strong incentives to give up their nuclear arms programs and to replace HEU with other sources. However, at the end of the day, there is no denying that even in the case of Libya, the removal of Saddam played a role. In the dealing with Iran and North Korea, the threat of force clearly looms in the background. The PSI involves the boarding of ships in international waters by armed forces to verify they are not carrying nuclear materials, which is a coercive act. It is hard to believe that if the Taliban and its allies were to take over the government of Pakistan, the United States and its allies would simply stand by and allow them to appropriate that nation's nuclear arms. The same may well hold for any failing state that has HEU and for which there is reliable intelligence that it is making these nuclear materials available to terrorists. (I grant that given the grave failure of intelligence in the last years, it would be very difficult to rely on it to justify another military intervention, but this does not mean that there are no situations in which it would become necessary and justified.)

Much has been made out of the need to engage in "legitimate" action, which is often interpreted as consulting and working with allies and the United Nations, a good part of what Joseph Nye calls "soft" power. Sometimes disregarded in this context is the occasional need to undergird soft power with hard power. The United Nations often acts as a key legitimator in the international arena, but it does not and cannot command the hard power required to back up its resolutions. If the United States (in Haiti, Somalia and Liberia), France (in Ivory Coast), Britain (in Sierra Leone), Russia and NATO (in Kosovo) or Australia (in East Timor) did not provide the muscle, UN resolutions would have been of little consequence.

Fortunately, the United Nations seems to be moving in the needed direction. Security Council Resolution 1540, passed in 2004, calls for member states to criminalize WMD proliferation, secure sensitive materials in their own borders,

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and enact export controls. Thus there are at least some indications that the UN is considering deproliferation, not just controlled maintenance.

BUT WHY would the major powers behind the GSA, especially the United States, be concerned about the resolutions of the United Nations (or perhaps another global body formed around, say, the Community of Democracies)? Seeking approval and taking into account the views of such a body is far from a visionary notion. In a world where ever more people follow the news and are politically active, the perceived legitimacy of one's actions has become surprisingly important. Acting without UN approval in Iraq cost the United States dearly in terms of military support from allies, the sharing of financial burdens and public support at home. In one year, the Bush Administration was forced to move from declaring that the United Nations was on "the verge of irrelevancy", to repeatedly seeking a UN endorsement for its presence in Iraq, in order to legitimate the delay of elections and to work out the transition to a self-governing nation.

To the extent that more member states of the UN are democratized—a much-predicted trend—the voice of the General Assembly will be more compelling. And if the Security Council were to become more representative of today's global power structure (say by adding India, Brazil and Japan), its resolutions would hold more weight. Thus, the United Nations may well become an even more important source of legitimacy than it currently is. True, one would have to expect an "antagonistic" partnership between the UN and the great powers comprising the GSA. Yet without the power invested in the GSA, the United Nations is toothless. And without UN prescriptions, the GSA's use of force will often be considered illegitimate. That is, both sides may well take each other more into account while still trying to follow their own lights, thus jointly fashioning a better administration for the globe than if each were on their own. □

> The spread of sophisticated military technology has given many lesser nations, including terrorist states, unprecedented capabilities and potential in chemical, biological and nuclear warfare, as well as delivery systems for their new arsenals. Long-range missile technology is already available in some of the world's most volatile regions . . . . There is a painful irony in all this. After seventy-five years of costly conflicts, we are now finally at peace with all of the most powerful nations, only to find that developments in, and the dissemination of, military technology threaten to make America vulnerable once again.
>
> —Elliot Abrams, "Why America Must Lead"
> *The National Interest* (Summer 1992)

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Thinking Outside the Tank

Steven Simon & Jonathan Stevenson

THE AGE OF sacred terror dawned on September 11, 2001.[1] Yet the United States still has no satisfactory grand strategy for neutralizing a stateless, religiously inspired network of militants who seek to bring down great powers by acts of apocalyptic destruction. Instead, current policy thinking cleaves towards two extreme positions—one morally and politically unpalatable and the other risky and destructive.

The first, premised on the belief that it is too late to fine-tune the policies that have alienated Muslims, involves the abject capitulation of the United States to the implicit demands of Bin Ladenism. The United States would abandon Israel, jettison its strategic relationships with Saudi Arabia and Egypt, and forsake its leverage and standing in the Arab world. The second envisages a full-scale Western mobilization against transnational Islamist terrorism—a *total* war on terror. Under this scenario, the West's intelligence, law-enforcement and military assets would be brought to bear against any actual or potential terrorist strongholds or supporters. Meanwhile, Muslim governments would bandwagon operationally and politically behind a hegemonic America. The former would amount to negotiating with terrorists, and indeed yielding them victory. The latter would amount to furnishing Osama bin Laden, at prohibitively high risk, with precisely the violent "clash of civilizations" that is integral to his apocalyptic eschatology.

Both positions are admittedly caricatures of viewpoints that are not quite so unsubtle. But the larger point is that post-9/11 strategic thinking has not found a realist middle ground. Nowadays the working premise of strategy, whether capitulatory or confrontational, is that talking to Muslims is essentially futile—that they must be either appeased or dominated. The West is hardly so intellectually barren as to be left to such crude and unsatisfactory dispensations. The trans-Atlantic pragmatism that successfully steered grand strategy through the Cold War ought to hold more nuanced answers—a "third way" through which the United States can both honor its commitments and strike an accommodation with Islam sufficient to marginalize Bin Laden and his followers. That is the core challenge of terrorism.

Yet government agencies have their

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[1] See Daniel Benjamin & Steven Simon, *The Age of Sacred Terror* (New York: Random House, 2002).

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hands full just keeping terrorists at bay. In the rush of operations, they are not empowered or practically able to take a fully balanced strategic view or, in most cases, to look far into the future. The Bush Administration's Middle East Partnership Initiative, its repackaging of Helsinki process programs, and the Djerejian panel's study highlighting the need for more robust public diplomacy in the Muslim world point tentatively in the right direction. But they also reflect an approach to defining and tackling terrorism's root causes and attenuating terrorist motivations that is interstitial rather than systemic. The integrity of State Department policy planning—which was formidable under George Kennan and Paul Nitze during the Cold War and later under Dennis Ross in anticipating early post-Cold War challenges—has proven extremely difficult to maintain against the relentless day-to-day demands of foreign relations and crisis management.

These became even more varied and complicated in the 1990s. Moreover, those who have executed U.S. foreign policy have usually had little time for internal or external analysts. "Occasionally an outsider may provide perspective", Henry Kissinger has noted, "[but] almost never does he have enough knowledge to advise soundly on tactical moves."[2] The Defense Department has an important policy-planning role in determining the size and makeup of military forces, as well as their roles and missions, but this does not extend to subtler inquiries about terrorist threats, motivations and ideology. The National Security Council is charged primarily with coordinating rather than formulating policy, and during the Clinton Administration, its "strategic planning" unit was essentially a speechwriting office. The CIA's remit is to inform rather than devise policy. And while the National Intelligence Council forecasts problems authoritatively, it does not offer remedies.

IN LIGHT of these gaps in the government's intellectual capabilities, it might be tempting to invest confidence in the ability of American institutions of higher learning to meet the intellectual requirements of a new strategic epoch. After all, the nexus between the federal government and academia began in earnest in World War II and momentously demonstrated its efficacy with the Manhattan Project. University professors readily became veritable intellectual soldiers in a cause behind which there was broad intellectual consensus. Today, however, the discipline of Middle Eastern studies—as well as the broader academic sphere of political science—has become so politicized and polarized as to render the academic establishment incapable of channeling the efforts of its constituents into a cohesive intellectual mobilization in the interest of national security.

The Vietnam War as well as the Church Committee's revelations of intelligence excesses made many academics wary of working on national security issues for the U.S. government. New intellectual trends spurred by the 1960s' philosophical ferment, particularly in Paris, reached this side of the Atlantic. "Post-colonial" studies and gender studies triggered by the feminist movement crystallized wariness into opposition. Deconstructionists, in their scorn for purported objectivity and value-free judgments, contributed to a broadly subversive mindset. An institutionalized academic refusal to perpetuate Western (particularly American) hegemony, and a commitment to "using the father's tools to dismantle the father's house" emerged on campuses. To undermine authority became the aim of scholarship. None of the social sciences or humanities was immune to this dimension of the zeitgeist. Notwithstanding

[2]Henry A. Kissinger, *The White House Years* (New York: Simon & Schuster, 1979), p. 39.

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compelling reasons for opposing Soviet communism and expansion, an ideological perspective developed that minimized Soviet (and other) transgressions and maligned Western civilization.

Those engaged in Middle Eastern studies were disposed to target what they perceived to be pro-Israel, anti-Arab U.S. foreign policy. To give substance and amplitude to these criticisms, they interpreted the late Edward Said's powerful Orientalism thesis as attributing Islam's decline and humiliation to Western imperial policies and scholarship, and used that interpretation to justify Muslim victimology and rage.[3] In its current entrenched maturity, this hostile attitude, in turn, has antagonized an academic minority inclined to promote U.S. national interests—in particular, neoconservatives. Now, spurred by the academy's failure to anticipate the September 11 attacks, tough critics such as Martin Kramer, Stanley Kurtz, Daniel Pipes and Stephen Schwartz rail like 19th-century pamphleteers against "apologists" for radical Islam and related political violence like Joel Beinin and Richard Bulliet.[4] Dismayed by what they regard as reactionary shortsightedness, they rail back, often denigrating their adversaries' scholarship. In the acrimonious dialogue now under way, while both sides have scored debating points, the War on Terror has further politicized—and therefore poisoned—the discussion. Scholars are now farther than ever from furnishing creative analytical support to policymakers.

The sad fact is that American Middle East experts have made precious few contributions of lasting value to U.S. policymaking over the course of a generation. A conspicuous exception is William Quandt's important role, as member of President Jimmy Carter's National Security Council staff, in formulating the Camp David peace agreement between Israel and Egypt, but the very singularity of that example serves to underline academia's broader futility. Now academic divisiveness has precluded a consensual and analytically sound assessment of Middle East and Islamic issues. Most American Middle East scholars would view involvement in formulating any U.S. strategy for confronting the ideological challenge of militant Islam as perpetuating a pernicious Western effort to control a justifiably unruly region. Yet employing their reactionary rivals would risk lending new credence to the Orientalist thesis. Stronger official oversight of government-funded academic research would only conjure fears of "thought police." And selectively enlisting those few academics, among them Fouad Ajami and Bernard Lewis, who did not downplay the dangers posed by Bin Laden before 9/11 would lack credibility owing to their association with the ideological stances of senior members of the Bush Administration.

In short, academia's civil war is not amenable to expeditious resolution. And the government needs answers for the long war it faces. In February, the under secretary of state for public diplomacy and public affairs, Margaret Tutwiler, who served in the first Bush Administration, soberly testified before the House and Senate that "it will take us many years of hard, focused work" to restore America's deteriorating image and standing in the Muslim world. Islamic and Middle East

[3]See Edward Said, *Orientalism: Western Conceptions of the Orient* (New York: Pantheon, 1979). For an acknowledgement of the influence of Said's thesis as well as a withering critique of that thesis, see Keith Windschuttle, "Edward Said's *Orientalism* Revisited", *The New Criterion* (January 1999).

[4]Representative works for each side include, respectively, Martin Kramer, *Ivory Towers on Sand: The Failure of Middle Eastern Studies in America* (Washington, DC: Washington Institute for Near East Policy, 2001); and Joel Beinin, "The Israelization of American Foreign Policy Discourse", *Social Text* (Summer 2003).

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studies are now too important to leave to academics.

DURING THE Cold War, the federal government realized it needed help to cope with the Soviet threat. This prompted a massive intellectual mobilization that paralleled the immense restructuring of the national security architecture. Among the most important elements of that mobilization was the rise of the "think tanks"—that is, independent research institutions that could contemplate and analyze the ramifications of nascent government strategies that government officials had their hands full merely to implement, in many cases devising new strategies wholesale and determining how to apply them.

Spurred by the recognition that America's intellectuals were national-security assets, Project RAND began in 1945 as part of the Douglas Aircraft Company—at the prompting of General "Hap" Arnold and other U.S. officials—to facilitate teamwork among the military, civilian government agencies, industry and the academic community through research and development. In 1948, aided by a $1 million Ford Foundation grant, Project RAND was transformed into an independent non-profit research institution—the RAND Corporation. Located in Santa Monica, California, away from the bustle and diversions of Washington, RAND attracted towering intellects like Herman Kahn, Albert Wohlstetter, Thomas C. Schelling, Bernard Brodie and William Kaufmann. Their energy, dynamism, inter-disciplinary sensibility and constructive iconoclasm are the paramount qualities that think tanks seeking to deal with the problems of transnational Islamist terrorism should engender.

And new approaches are needed. Better salesmanship of U.S. policies *vis-à-vis* the Islamic world will ultimately be unavailing if they are not firmly grounded in a detailed understanding of the full range of Islamic thinking and belief systems across different sects, nationalities, ethnicities, tribes, genders and occupations. Only comprehension at this deeper level will yield workable means of influencing Muslims to substantial strategic effect. Charlotte Beers—a former advertising executive and Tutwiler's predecessor, tasked in late 2001 to promote American values to Muslims—devised several naively perky advertisements featuring American Muslims extolling U.S. multicultural tolerance. The ads themselves were a public-relations disaster and have been ridiculed with some justification by Muslims and Westerners alike. Lost in the orgy of derision, though, was the fact Beers was given an impossible job. With no coherent U.S. strategic policy for striking a better accommodation with Islam, even a more nuanced and better calibrated campaign would have been unable to outflank Al-Qaeda. When one such revision was attempted, it portrayed women in *hijabs* shopping in a supermarket, thereby validating a particularly conservative yet scarcely universal Islamic practice.

Post-9/11 U.S. grand strategy is still inchoate. The challenge of ripening and refining it would best be handled wholesale rather than piecemeal. Bold new government solutions are now required to fashion intellectual incubators for the kind of leading-edge analysis—unencumbered by distracting ideological feuds—that the government nurtured during the "golden age" of strategy in the 1950s. The objective: a U.S.-led strategic victory over a globalized Islamist insurgency, animated by a complex and compelling ideology and fueled by manifold grievances.

Several salient observations can be made at the outset. As think tanks like RAND became integrated into the U.S. national security establishment during the Cold War, they became increasingly bound by intellectual and bureaucratic strictures. The routinization of deterrence

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and progressive emphasis on procurement during the Cold War diminished the marginal utility of the bold creativity that emerged from RAND in the 1950s and 1960s. Furthermore, early in the Cold War, RAND had no real private-sector competition because think tanks were new. Competition from military institutions was also thin: Since experience with nuclear weapons was so sparse, military strategists enjoyed no comparative advantage over civilian ones. But as more think tanks sprouted up and were forced to clamor for government contracts, each institution had to focus more tightly on more immediate priorities, to tailor output to very specific contract requirements, and to account precisely for every nickel spent. They became micromanaged. Because they could retain people only for existing or proposed contracts—or out of their own revenue—think tanks could develop intellectual capital and effectively stockpile it only with some difficulty.

RAND analysts like Bruce Hoffman and Brian Jenkins did, to be sure, perform top-notch analyses of terrorist threats well before 9/11. But government interest in this work was too sporadic to keep it well funded, and it was supported out of RAND's own pocket or as a distinctly subsidiary aspect of Pentagon-funded studies of "low-intensity conflict." Other American think tanks like the Brookings Institution and the American Enterprise Institute had also produced estimable research. But many of them subtly changed character, moving away from non-partisan research towards something more akin to considered political advocacy—an evolution that reflected their natural utility as "holding pens" for former officials awaiting another turn in government after a change in administration.

Nevertheless, plenty of analysts at extant institutions are capable of the kind of freewheeling thinking that occurred early in the Cold War. It still falls to their clients—generally the U.S. government—to provide the wherewithal needed to unleash their minds to hatch a truly grand strategy. Any argument that hard security priorities make the associated costs prohibitive is dubious. For example, Congress has authorized substantial federal funding for "centers of academic excellence" for homeland security. No doubt these are potentially valuable proving grounds for ideas that will counter threats to U.S. critical infrastructure. But they are not more important than formulating new government policies designed to understand and diminish the very sources of those threats.

WHAT IS needed to bridge the epistemological gap between the outside analytic world and government agencies is a federally funded research and development center (FFRDC)—whose employees generally have some level of government clearance and access to classified information as well as government officials—rather than a wholly independent think tank. This characteristic would ensure both the applicability of the analysis to the problems of the analysts' clients and the bureaucratic capacity of the analysts to explain their ideas to those who implement policy. Ties between the think tank and the federal government would not be so cozy as to inhibit "outside the box" thinking. That capacity would be preserved by a purposefully expansive mandate and the kind of flexible budgeting that prevailed at RAND in the early days of Air Force Project, but has long since eroded. The U.S. government need not reinvent the wheel. Since there already exists an array of competent FFRDCs, the most expeditious solution would be for the government to change its funding practices so that a certain nucleus of counter-terrorism researchers in one or more extant FFRDCs were given that kind of expansive mandate. The alternative would be for

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the government to fund an entirely new think tank, dedicated to formulating a counterterrorism grand strategy.

On the more strictly technological side of government policymaking, the success of the Defense Advanced Research Projects Agency (DARPA) in anticipating future military requirements and generating supporting research proves that a government-sponsored institution, given sufficiently broad operating parameters, can both think outside the box and serve the practical needs of its "clients." The vast majority of DARPA's work, of course, is in the relatively arcane arena of engineering. In contrast, a new think tank would be charged with refining precisely the sorts of concepts that generate media interest, public attention and congressional scrutiny. On the rare occasions when DARPA has ventured into such conspicuous and politically sensitive territory, its inventive take on policy has not fared well. Two potent recent examples in the counterterrorism area are the Total Information Awareness (TIA) data-mining program and the terrorism "futures market" designed to collect and sift information about terrorist risks. Both met with public consternation and were suspended by Congress. Oversensitivity to public opinion would defeat the purpose of the new arrangement. But to avoid the difficulties that DARPA has experienced, the institution in question would need a dedicated external relations department to vet new ideas and articulate them clearly for public consumption.

YET A NEW analytic architecture is not enough. There must also be a pool of intellectuals and leaders in government service able to act. The Achesons, the Byrneses, the Dulleses, the Forrestals and their like had come of age and learned about international relations during the Second World War. They studied history as well as experiencing it firsthand, and though largely men of privilege, were imbued with a strong sense of public duty. Their ready assumption of that duty taught them how to navigate the federal system—how to win friends and influence people. The seismic geopolitical changes that occurred in 1939–45, the instant revolution in military affairs visited by the atom bomb, and the national mobilization already in place as the war ended made it easier for those "present at the creation" to hit the ground running. The upshot was a cadre of leaders who put grand strategy into practice.

Where is the foreign policy intelligentsia now? Like the truth itself, they may be out there somewhere, but they have not coalesced into an identifiable group. This shortfall in the nation's intellectual capacity only compounds the disadvantages posed by the dysfunction of Middle East studies. Part of the problem is the increasingly ahistorical and provincial mindset of recent generations of American students. According to a 2003 American Historical Association study, although the number of history majors in American undergraduate programs began to rise in 1998 after years of shrinkage, the number of graduate-level history students has continued to contract. Moreover, the study noted the parochial tendencies of American history students, pointing out that "history graduate programs at all types of institutions are prone to ignore large areas of the world in their course offerings. More than half of the history graduate programs do not offer graduate-level courses in fields outside of the United States and Europe." In an epoch proclaimed "the end of history", in which profit-maximizing has been elevated over public duty, this bias may be understandable. But since 9/11, when Islamic civilization became a central strategic concern, it has hardly been salutary.

Moreover, the toxic rifts that have arisen in Middle East studies over Orientalism and U.S. support for Israel

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have also disinclined students to take on Middle Eastern history in particular. "Why spend my career being abused?" they ask, and decide to study, say, China instead. The horror of 9/11 and the gathering recognition of the acute relevance of history to managing the problem of religious terrorism may move increasing numbers of young intellectuals to study world history and correct the imbalance. But even those who were immediately inspired by the crumbling of the Twin Towers will not be ready for action until they finish school and intellectually mature, several years down the road. This reality only amplifies the importance of having institutionalized arrangements in place, overseen by Congress, that give young scholars a functional alternative to embattled academia when they are ready.

Their challenge will be very different than that of the 1950s. The first nuclear age catered to distinctly American intellectual predilections: an orientation towards the future, an urge to dominate it through superior energy and focus, and faith in technological progress and the capacity of the capitalist system to produce it. These strong suits are surely assets in the campaign against terrorism. But the absence of a cohesive and hierarchical adversary state and the asymmetric aspect of terrorists' tactics make them a very different, and on balance more complicated, foe than the Soviet Union. The Soviets' strategic mindset resembled that of the Americans insofar as both aimed for international ideological primacy. The Manichean nature of the conflict for both the United States and the Soviet Union simulated a zero-sum game, in which there was ultimately room for only one system.

The leadership of Al-Qaeda may more closely resemble the Soviet politburo than it might first appear. As a secular religion, Marxism-Leninism was probably as potent and as absolute as Bin Laden's militant brand of Wahhabism. But the compulsion of preserving the state stabilized U.S.-Soviet relations. Thus, during most of the Cold War, both sides were more or less satisfied with nuclear parity, and mutual deterrence made nuclear weapons unlikely warfighting tools. By contrast, Al-Qaeda's leadership appears to view them as prime tools of religious deliverance.[5] Furthermore, today's threat from a flat network of nonstate actors is far more heterogeneous than the highly centralized, state-controlled Soviet threat.

Given that academic hostility to the American strategic enterprise developed even in the presence of the Soviet Union's straightforward enmity, the more complex character of the Islamist threat suggests that even less should be expected from the academy now than during the Cold War. This consideration makes a more fruitful relationship between the government and think tanks all the more important. But the intellectual makeup of any elite group of strategists now would be substantively quite different from that of its Cold War antecedent.

While the rational-choice theory pioneered at RAND in the 1950s—often criticized as insufficiently historical and empirical—will have a role to play, historical methods of analysis will be more important in determining the intellectual warp of a current band of "new stream thinkers." And despite America's preoccupation with religion, our religious passions usually stop at the water's edge. Faith-based diplomacy is not America's thing, and thus far we have been ill prepared to engage in a debate with others committed to a different faith, especially Islam. Although regional experts will be important, the new strategists' approach will also have to avoid artificially chopping up Islam into regions of greater or

[5]See Steven Simon, "The New Terrorism: Securing the Nation Against a Messianic Foe", *The Brookings Review* (Winter 2003).

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lesser concern—for example, the Persian Gulf versus sub-Saharan Africa. This tendency is generally unsuited to the permeating and global nature of the current terrorist threat, and in particular has led to the neglect of potentially significant threats emanating from countries like Nigeria. So there will be considerable demand for experts on Islam as a whole and for sociologists of religion. Development economists will have to apply their knowledge particularly to the Middle East, whose oil-based economies have hindered balanced development and stalled their broad integration into the world economic system. Political scientists will be needed to determine how to transform authoritarian regimes that have alienated Muslim populations and moved them to look to Bin Laden for leadership into more participatory systems.

THE CENTRAL issue of deterrence will admit of less elegant solutions in the age of sacred terror than it did during the Cold War. But if it is a messy problem, no worthy research cadre will be able to dismiss the possibility of deterrence even in the face of a seemingly non-deterrable enemy. In spite of the religiously absolute imperatives laid down by Al-Qaeda's leadership, the highly dispersed and pragmatic character of the transnational Islamist terrorist network means that terrorists' religious and political intensity and tactical mindsets are highly variable. Like more manageable "old" terrorist groups, the network anchored by Al-Qaeda encompasses professional terrorists and wavering fellow-travelers as well as maniacal true-believers. Thus, it would be a mistake to cast all transnational Islamist terrorists and even most of their more peripheral supporters as impervious to political and tactical influence.[6]

Indeed, there may be useful distinctions to be made even within the hardcore category. For some Muslim terrorists, weapons of mass destruction are indispensable instruments of eschatology. For others, however, they seem to be merely prime warfighting assets, useful in compensating for the conventional military disparity between Western militaries and terrorists with no state apparatus. Terrorists in the first category are liable to use WMD as soon as they have them. But those in the latter group, though also willing to sacrifice their lives, would be more inclined to weigh the political, economic and tactical tradeoffs that crossing that threshold would entail.

In addition to developing the substance of U.S. strategy, think tanks during the Cold War made themselves useful as off-the-record venues for gathering people whose meeting and discussing certain subjects (for instance, nuclear surprise attack) would have been too politically sensitive for governments themselves to arrange. Likewise, those institutions dedicated to addressing transnational Islamist terrorism could serve as clearinghouses for frank exchanges between Muslim and Western analysts about, say, pathways towards political reform in the Muslim world. Indeed, a think tank strategizing for the age of sacred terror would be well-nigh obliged to venture deeply into intellectual milieus outside the United States (let alone the Beltway) in which overtly official teams might not feel terribly comfortable—for example, Paris, where some of the most probing thinking on Muslim extremism and counter-terrorism is underway.

Fashioning a comprehensive counter-terrorism policy, then, will require experts on a highly complex Muslim world to identify who falls into what categories,

[6]RAND analysts have made this point. See *Symposium: Diagnosing Al Qaeda*, August 18, 2003 (www.rand.org); and Paul K. Davis and Brian Michael Jenkins, "The Influence Component of Counterterrorism", *RAND Review* (Spring 2003).

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and operational analysts in the mold of the great nuclear strategists of yore to formulate non-proliferation and deterrence strategies for handling different varieties of terrorists. The key structural attributes of the new elite, however, will be similar to those of the old ones: its removal from the day-to-day demands of policy implementation and its exclusive mission, which would be sufficiently broad to accommodate the kind of originality and experimentation that marked the pioneering efforts in the 1950s and 1960s and made holistic sense out of disparate analyses.

THE GREAT Cold War strategists were all about thinking outside the box, in a structured yet liberating environment, in order to ameliorate new strategic problems. Their main accomplishment was the avoidance of nuclear war over the course of a forty-year confrontation. It was the product of an evolving vision of American foreign policy that tied short-term actions to long-term results—that is, tactics to strategy. The methodology and substance of those strategists' solutions were very different from what is required now. But the need for policy-level linkage of tactics to strategy remains, and it is impossible to meet unless the strategy is formulated first.

The mission of the institutions chosen or created to get the funding would be to help develop that strategy for the global campaign against terrorism. It is hard to overstate the importance of doing so. Al-Qaeda and its followers lack the brute military strength of the Axis powers, but their potential political appeal is far wider, extending to an entire culture. At least in terms of the mobilization required of the United States and its partners, we are indeed at war. To work, any strategy must call on all of the instruments of American power—hard and especially soft power, the assets of both the government and the private sector. Any think tank charged with building that strategy would constitute the leading edge of that effort, and, most importantly, determine its direction. □

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Towards an Optimal Governing Area

Kevin Hassett

THE WORLD is getting smaller. The Internet, cheap transportation, the spread of free and open markets, and surging education of the masses are steadily eroding the last vestiges of economic autarchy. This increased integration presents a fundamental practical challenge to the sovereignty of nations. Policies that are possible in an isolated island state can be impossible in our new and mostly democratic world of nomadic capitalists.

This metamorphosis has created heightened demand for international cooperation, a demand that has been the midwife to the birth of organizations that are rapidly becoming a haphazard world government. At the birth of the United States, Alexander Hamilton wondered whether men "are forever destined to depend for their political constitutions on accident and force." Today, it is not reason, but accident and force that are carving the contours of the global political environment.

The feckless and corrupt actions of the United Nations in recent years provide a case study in how harmful attempts at world government can be when they go wrong. It is necessary that citizens and leaders of the United States develop a theory of international cooperation that can provide a guide to future global associations. This theory must address several specific questions. What areas of human endeavor are likely to require international cooperation in order to enable efficient outcomes? What types of international organizations should the United States join? When should the United States be willing to partially cede its sovereignty to such bodies?

Two strands of economic research provide a natural starting point for this discussion. First, the public choice literature has examined extensively which services should be offered by local governments and which should be offered by national ones. The extension to world governments is straightforward. Second, specialists in industrial organization have developed a quite broad understanding of the functioning of cartels. Coalitions of countries often face the same challenges that coalitions of firms do. A synthesis of these two literatures provides a valuable guide to the problem of world government.

How Big Should a Country Be?

IN ONE OF the great intellectual accomplishments of the 20th century, economists Kenneth Arrow and Gerard Debreu set out the conditions under which a free market could be expected to produce optimal outcomes for individual consumers. Adam Smith's

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"invisible hand" of the marketplace was shown—under some conditions—to be a firm and steady force that allocates resources optimally. They demonstrated that no reallocation of resources exists that makes everyone better off than does the allocation that arises as a natural equilibrium of a competitive market.

In these Arrow-Debreu efficient markets, there is a very small role for government, which keeps the peace, enforces property rights and does little else. If all markets were Arrow-Debreu perfect markets, governments could be very small indeed. We might have a federal authority that enforced patents across states, established a minimal set of rules, and allowed state governments to provide most government services.

Perhaps the largest contribution of this work, however, was its illumination of the situations under which larger governments and international unions might be necessary. If we identify the assumptions under which markets are perfectly efficient, then we also have learned when they are not and when they can benefit from government action.

Markets can fail when citizens require goods that are public in nature, or when the production of the private goods they desire produces significant externalities. A public good is a good that is consumed by all, without possible exclusion. A textbook example is public safety. There is no reason to believe that individuals, on their own, would voluntarily contribute enough money to a common pool to build an army capable of providing real security. Each individual would be tempted to free ride, that is, to assume that others would provide enough security. Collectively, free-riding can lead to suboptimal provision of public goods. An externality is a slightly different beast. If a steel factory produces pollution that harms agricultural output, then that pollution is an externality. The steel producer, on his own, might ignore the social harm from the pollution and produce far more than is socially optimal, and regulation of pollution by government may improve social welfare.

There are countless examples of public goods that we require and externalities that we must monitor. These provide a rationale for a larger and more aggregate government than would otherwise emerge in a free society.

The specific individual characteristics of our desired public goods have a significant impact on the optimal level of geographic aggregation. There is little question, to take an early example, that the desire to create a federal force large enough to fight the British provided a strong impetus for the unification of the states at the Founding. The public good of "safety" required coordination between the individual states at the broadest possible level. To take a more recent example, allowing the social safety net to vary across states might set off a destructive race to the bottom. States that offer relatively more generous welfare benefits might find themselves inundated with migrant paupers. If society views the provision of a safety net as important, policy coordination between the states may be necessary.

In order to provide for services that require a central government, nations have established federal authorities with powers of taxation and enforcement. These powers can lead, over time, to a significant evolution in the focus of the government away from its original design. Elected officials may be tempted to pursue actions, such as subsidizing farm production, that do not necessarily focus on public goods or externalities.

As government's reach evolves, the problem of federalism becomes a tradeoff for those who might choose to join. On the one hand, allowing oneself to be absorbed into a larger whole can increase security and provide access to valuable public goods that smaller entities might not be able to produce. On the other hand, joining the union forces one to har-

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monize undesirable policies with citizens who may have significantly different tastes for government intrusion. This conflict between coordination and harmonization, as Harvard economist Alberto Alesina has recently demonstrated in several important studies, is the essence of the economic problem of modern government.

The problem was recognized long before Alesina, however. Indeed, a series of works by my colleagues Christopher DeMuth and Michael Greve have documented the debate over these issues that occurred at the birth of our nation. They have argued that our forefathers' preferred design of a federal system allowed for ample competition between the individual states, and free movement of citizens between the states, for a good reason. Should a state pursue policies that are harmful to overall welfare, its citizens could pick up and move to a neighbor.

The federal system set up a competition between states that acted as a natural governor of the growth of harmful government. This political insight was later incorporated into the economic lexicon by economist Charles Tiebout, who demonstrated that "voting with your feet" often leads to efficient provision of government.

As the United States turns its gaze outward to the world community, therefore, it must entertain the possibility that membership in an aggregated global governing body may be necessary in order to ensure that *global* public goods are adequately provided. But it must weigh the benefit of improved coordination in the provision of these public goods with the potential costs of harmonizing policies with nations that have far different social preferences. And the citizens of the United States should be wary of entering into compacts that limit the beneficial competition that preserves liberty and constrains the growth of inefficient and intrusive government. It is essential, then, that we identify when competition between states leads to better outcomes, and when it does the reverse.

Government or Cartel?

IN THE CLASSIC Arrow-Debreu world, products are produced by countless identical and competitive firms. From the point of view of consumers, the competition is beneficial, since it drives the price of any product down to its cost. From the point of view of the firms, however, the competition is an annoyance, since it limits profits. Accordingly, firms may recognize that an association between all of them might lead to much higher prices. This association is a "cartel", of which OPEC is the leading practical example. From the point of view of the firm, a cartel is a wonderful, profit-enhancing device. From the point of view of the consumer, it is a terrible, price-raising conspiracy.

Economists have learned that cartels can be very unstable entities. If all OPEC countries, for example, agree to reduce their output sharply and drive the price of oil up to $80 per barrel, then the enterprising country that cheats and produces more than its quota can reap tremendous financial benefits. Accordingly, mechanisms for enforcing cartel discipline are important for ensuring cartel survival.

In the early days of cartels, discipline was often imposed by agglomeration. The German chemical firm I.G. Farben was formed in 1925 when the eight members of a chemical cartel decided it was easier to merge. When agglomeration is impossible, as happened after anti-cartel legislation was passed in most Western nations, a precondition for success has often been the existence of a clearly dominant member. For example, many observers believe OPEC has remained successful because Saudi Arabia has such a large share of proven world oil reserves that it can alter the

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world price of oil with its own behavior when it so chooses.

For governments, international bodies serve the same role as the cartel. They allow countries to establish rules that harmonize government actions and eliminate competition. From the point of view of the citizens of these nations, however, a key question arises: When governments form a cartel, should a citizen think of himself as a member of that cartel or as a consumer of the product produced by it?

The answer depends on whether the competition between states in the instance cited can be expected to lead to a better or worse outcome for the individual. In terms of the provision of public goods and coordination of externalities—the key economic rationales for government—the question clearly depends on the scale of the public good or externality in question. Nations can compete over the provision of public goods that are efficiently produced at the national level. If a particular country's government establishes a wonderful environment filled with efficient public infrastructure, then activity will migrate to that country to the detriment of those with wasteful governments.

If, on the other hand, nations compete over goods that are more efficiently produced at the global level, then competition can be harmful. For example, if states do not agree universally to forego the use of ozone-destroying chlorofluorocarbons, then the reduction in demand by the "virtuous" states may drive the price of CFCs down, increasing demand in states that ignore the ban. Progress at the global level may well require global cooperation.

There is another factor that must be considered. Provision of government at the local level requires taxation. In an isolated nation, with no factor mobility, it is easy for the government to tax labor, capital or both. When these factors can move freely between countries, then the power to tax is undermined and sometimes eliminated. Today, capital is highly mobile between countries, and this has set off a raging tax competition. The biggest mover in this contest has been Ireland, which began lowering its corporate tax rate from 50 percent in the late 1980s to the current rate of 12.5 percent and has experienced remarkable and persistent economic growth, as tax-dodging capital from around the world flowed across its borders. Subsequently, many other nations (most recently Greece) have sought to copy the Irish example. Clearly, as my colleague Eric Engen and I noted in a recent article in *Tax Notes*, the world may be headed for an equilibrium with a zero capital tax.

HOWEVER, TAX competition need not erase the ability to tax altogether. First, countries can always tax immobile factors such as land. Second, mobile individuals might voluntarily expose themselves to taxation if valuable government services are bundled with it. Indeed, individuals are likely more sensitive to the quality of public goods (parks, schools, clean air) than is capital. Accordingly, taxes on labor will not necessarily be eliminated by global tax competition, even as the homogenization of cultures, language and low cost of travel makes migration more common. If a country offers a good mix of public goods and taxes, laborers will choose to work there, just as many Americans voluntarily move to high-tax suburbs. If it does not, they will move to a country that does.

The one big exception to this rule is clearly redistributive tax policy. While wealthy individuals may have a higher demand for generous public services (witness the quality of public schools in rich suburban communities), they may often be unwilling to acquiesce to redistributive taxes that are high relative to the other benefits offered by government. Even the most social-justice loving of millionaires will be tempted to move when the personal tax costs of existing government

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policies are higher than the perceived benefits.

Oppressive regulation may also lead countries to seek the protection of a cartel, but the philosophical attachment of leaders to inefficient regulatory schemes could well be weaker than their attachment to redistribution. The one exception to this may be regulations that in effect redistribute wealth, such as extravagant labor laws or agricultural subsidies. If one bundles these into the category of redistribution, then it seems safe to say that cartels formed by the world's governments to prevent competition will likely do so to protect redistribution.

Germany and France, for example, have social welfare states that put a heavy burden on all of their revenue raising devices. Tax competition from countries like Ireland reduces their ability to rely on capital taxes, making their spending plans difficult to finance. The problem is not that paupers move to these countries. Rather, it is that those with the financial wherewithal to finance the democratic socialists' objectives are moving away, literally and figuratively. Similarly, heavy labor-market regulation has made unemployment high throughout most of Europe and has led to higher emigration. This impact of policy on mobility is becoming visible in the data, a sign that competition may be heating up in many areas. And multinationals are not the only mobile players in the game. If one plots net migration patterns in OECD countries against the Heritage Foundation's index of economic freedom, for example, one can see a clear and statistically significant tendency for individuals to move toward countries with more freedom.

In response to these and other factors, Germany and France have attempted to force fellow members in the EU to harmonize tax and regulatory policy in their direction. So far they have failed on taxes. The benefits to deviating from the harmonized policy, as Ireland has demonstrated, are too rich to ignore. But many regulations have successfully been harmonized by the EU, and passed on to new members as well, despite the fact that the rigidities associated with EU regulations are likely harmful to economic growth. Central European countries such as Poland clearly determined that harmonization across the broad range of government policies required by the EU was a cost worth paying, given the many benefits of membership. And the ability to force some harmonization has clearly removed some of the pressure for change in Germany and France.

This pattern of bundling positive benefits of international cooperation with cartel-driven barriers to international competition is the most troublesome development in world governance. Indeed, one recent study co-written by Alesina was able to "confirm that the extent and the intensity of policymaking by the EU have increased sharply over the last 30 years . . . . In recent years the areas that have expanded most are quite remote from the EEC's original mission . . . ." But it is likely that much of the morass that is EU regulation would have a difficult time withstanding the competition between nations if the EU were unable to tether its regulations to other attractions of membership, such as free trade, that have large pecuniary benefits associated with them.

Sovereignty & World Government

THERE ARE two main motivations for government cartels. The first is the desire to achieve some global public good, such as protecting the ozone layer from CFCs, and the second is to eliminate competition that especially undermines income redistribution. From the perspective of the United States, the challenge of global government is to focus on the provision of necessary public goods, but not to create powerful agencies that can, like the EU, turn into effective

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international cartels that undermine beneficial competition between nations. Until the United States decides that necessary social welfare objectives are being threatened by competition between states, it should only be willing to form very narrow policy cartels with very little real authority over members.

When an issue emerges that requires action at a global level, our nation should not seek to address that issue with an existing agency. To the extent that the global action is valuable, folding it into the purview of, say, the United Nations will only increase the leverage that the agency will have in the future to impose harmful policy coordination. Rather, the United States should take advantage of the fact that since it is such a large country, it can effectively create new cartels with just a few partners. The United States should adopt the rule that any new international objective to require policy coordination between nations should necessitate the creation of a *new* agency with a charter that limits its activities to that specific issue.

An opponent of this policy might argue that such limited organizations may be unable to discipline their members without having available "clubs" such as trade sanctions. But just as a clean park can improve a community, global public goods significant enough to motivate coordination should be desirable enough on their own that they encourage nations to participate in their provision. Should rogue states misbehave, individual nations can always decide to punish defectors. Existing international bodies have, to say the least, a spotty record of success in this area, and the competition-defeating risks associated with granting these bodies sovereignty over the actions of civilized nations seem far higher than any benefits that might emerge from their strict discipline of rogue nations.

What issues might require increased world government? There are many public goods and externalities that cannot adequately be managed at the national level. Global warming is clearly one possibility (if the science becomes decisive), as is the use of CFCs, the protection of patents, halting the spread of communicable diseases and perhaps the elimination of terrorism. Each of these may require more international cooperation, but if so, it will be because the global objective in that area is worthy in and of itself, and a stand-alone body that does not empower harmful government cartels would be adequate for the task.

An international body with a wide agenda and authority will inevitably be a tempting takeover target for countries with welfare and regulatory states that are so large that they could not prosper under global competition. The best defense against such an outcome is to spread the global authority as thinly as possible. Absent rational design in our global government, we may stumble into a world that poorly provides valuable international public goods because the global agencies pursue both worthy and questionable objectives. As the world becomes smaller, the promise of competition rises, as does the threat of government cartels. □

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Letters to the Editor

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Red Sun Rising

Herbert London

IN 2002 I stood almost alone among international observers of the Japanese economy in predicting that Japan's future was still bright—and that three percent economic growth was quite attainable over the next few years. Some, especially the prophets of a rapid Japanese meltdown, Argentina-style, mocked this prediction. Others were simply skeptical. But suffice it to say, the Japanese economy has now shown eight straight quarters of economic growth. Annual real growth in the third quarter of 2003 was at 3.3 percent—and an astonishing 7.5 percent in the last quarter—beyond my guardedly optimistic estimate. While Japan faces real problems—which have been discussed in these pages in past issues—they are far from permanent. And economic data have clearly shown that the pessimists are wrong. Japan is moving in the right direction, and growth is likely to be sustained for the next few years, barring an international convulsion.

Key to Japan's re-emergence is the fact that throughout Japanese history, determined leadership has arisen in response to crises, reshaping the nation's destiny. The impetus for change has brought about a turning point, allowing Japan to exit the counterproductive cycle of deflation, fiscal imbalance and public sector growth for structural economic reforms that will return Japan to an entrepreneurial society ready to reassert a leadership role in Asia and the world.

The institutional logjams affecting Japan both in the corporate and government sectors are well known. For now, though, it is clear that Japanese companies have begun to take the bitter medicine long prescribed by global investors. Firms have been buying back their own stock and some are consolidating through mergers or restructuring. Capital investments made, particularly in the manufacturing sector, are beginning to pay off.

Weltschmerz is rapidly disappearing from the Japanese worldview, and a dim fog seems to be lifting from the economy. For the second consecutive year, Japan will outperform U.S. and European markets. This is a modest achievement based on the postwar past, but a vast improvement over conditions in the 1990s. In most analyst surveys, Japan is the least popular region for investment relative to a benchmark global stock index. Skepticism is widespread, and as one Wall Street wag noted, "Japan is of no general importance except as a laboratory experiment for deflation."

This position is myopic. Unlike the herd of market analysts who only see the Japanese glass half empty, a new, more hopeful position is starting to emerge based on compelling evidence. For one thing, so-called cross-shareholder unwinding, that is, banks offering underwriting and clients taking stakes in banks, has peaked, thereby reducing the interlocking economic arrangements and the selling pressures in the market. Companies with large cash positions have been buying back their stock. Toyota Motor Corporation bought back 453 billion yen of its shares. Telecom provider KDDI Corporation bought 235 billion yen of its shares, while Matsushita Electric absorbed 99 billion yen of its stock.

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Jim Rohwer, author of *Remade In America: How Asia Will Change Because America Boomed* (2001), makes the case that Asia's gargantuan pool of household savings—approximately $15 trillion, with the overwhelming portion of it in Japan—is beginning to stream into stocks. Rohwer notes that new issues drew $109 billion after the 1997 crash, marking the first time Asian companies raised more in the market than from banks. Rohwer contends that when Japan awakens from its economic slumber it will derive enormous benefits from the 90 percent of the Asian pension fund assets it already controls.

Japan has also seen a dramatic increase in merger and acquisition activity in 2003. Most industries have participated in this trend, which has helped productive firms gain market share. Seiko Epson Corporation, which produces the Colorio ink-jet printer and holds 50 percent of the Japanese consumer printer market, soared 35 percent in its debut on the Tokyo stock exchange, beating the 26 percent increase in the Nikkei after it hit its bottom in April 2003. Nippon Steel, which consistently fell short of targets in the 1990s, shows signs that restructuring efforts have begun to bear fruit. Company profitability rebounded significantly in the last quarter of 2002, with operating profit up 35 percent. Moreover, consolidation has given the company a larger market share than was previously the case.

The senior management of JGC Corporation—a Japanese oil services company—finally came to the surprising conclusion that if it discarded obscure and impenetrable accounting practices, it might secure foreign investment. This happened with Deutsche Bank's asset management arm. And JGC is not alone. A host of Japanese companies have adopted transparent accounting practices, in many instances overtaking their American counterparts in various disclosure statements, according to Standard & Poors.

Partly because of this openness, more foreign companies are taking controlling stakes in Japanese corporations—something unheard of until recently. Britain's Vodafone, for example, acquired 67 percent of Japan Telecom, and Renault has 44 percent of Nissan.

One of the biggest converts to openness is Mitsubishi—once the symbol of the secretive *keiretsu* system in which affiliated groups operate in an accounting fog. Now, however, Mitsubishi outpaces Eastman Kodak, Hewlett Packard and Microsoft in its accounting disclosures.

It is also instructive that the Bank of Japan—largely resistant to change in the past—is getting the message. In a recent address, Osamu Takemoto, the bank's chairman, argued for increased liquidity along with structural reform in order to offer the economy a fiscal stimulus. Significantly, he maintained that the Bank of Japan must explain the aims of "quantitative easing", since the public does not have a clear idea of the government's goals. Takemoto was obviously arguing for consensus for change—a consensus, I should hastily note, that is starting to emerge.

Nippon Keidanren, the Japan business federation, has a blueprint for Japan in the 21st century that emphasizes openness, competition, deregulation and regional integration. Clearly the business community is beginning to appreciate the fact that the command economy of the past, which involved top-down decisions, cannot define Japan at this time.

OF COURSE, these are mere baby steps on the road to recovery, but the giant steps will be taken with the marketing of new, value-added products—the high-end technology most in demand worldwide. Japan again leads the way in flat-screen television technology and digital cameras. Masahiko Sato, Manager of Equity Marketing at Nomura, notes that Japan has rediscov-

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ered its manufacturing zeal: "With demand for flat-screen TVs and digital cameras now soaring, the Japan that had lost confidence in its ability to make things has now unearthed it again."

Koichi Tanaka, who won a Nobel Prize in 2002 for chemistry, was honored for developing a new way to measure proteins, an innovation that has revolutionized the drug industry and brought enormous profits to Shimadzu, a publicly traded precision-instruments firm with annual revenues of $1.6 billion.

The Yokohoma Institute for Earth Sciences has developed the Earth Simulator NEC-GS40, the world's fastest computer, powerful enough to create realistic models of the planet's atmosphere, oceans and crust. It can perform 35 trillion calculations per second, five times faster than its nearest competitor.

Japanese companies are already leaders in solar power and are rapidly gaining a foothold in fuel cell technology. Nippon Steel Corporation is developing a 10 kilowatt solid oxide fuel cell that is 10 percent more efficient that the conventional polymer electrolyte fuel cells (PEFC) for the same cost. Moreover, solid oxide fuel cells have a life span 10 times longer than PEFCs and are much more resistant to deterioration.

Tokyo Gas and Mitsubishi Heavy Industries, Ltd. have developed an efficient method of extracting hydrogen from natural gas to use as an energy source for fuel cells. This development improves the possibility of using existing natural gas fueling stations for producing and supplying hydrogen to fuel cell cars. Japan plans to have 5 million fuel cell cars on its roads by 2020.

The Toyota Motor Company leads world automobile companies in the development of the intelligent vehicle, one that can parallel park automatically and is loaded with sensors that will reduce fatalities and accidents substantially. While U.S. car companies are investigating similar technologies, Toyota will have established a niche by being the first to market the "smart car."

At the Riken Brain Science Institute outside of Tokyo, scientists found levels of a plaque-causing enzyme that seems to be the primary culprit behind Alzheimer's disease. Although a cure is not imminent, this discovery is considered critical and may lead to preventive drugs and treatment.

If one aggregates the internal reforms such as transparency, mergers, competition, monetary easing and technological advantages, a case can be made that Japan is poised for an economic takeoff, with growth beyond the 2003 level. Naysayers, of whom there are many, are likely to note that if Japan frittered away a decade with botched policy decisions and Keynesian formulations that didn't work, why should the future be different? The answer resides in the notion that no government demands widespread sacrifice until the alternatives have been exhausted.

JAPAN HAS reached that point. Infrastructure projects did not pull Japan out of recession, nor did low interest rates. Politicians can no longer console themselves with illusions. The time for structural change has arrived.

Nonetheless, the future of Japan may not be related to present trends. There are those who contend that the motion of current events will catapult Japan into an era of great success. As former White House economist Larry Lindsey noted: "A cyclical upswing is becoming embedded in the Japanese economy." There are the pessimists who argue that Japan cannot escape a debt overhang that is at 140 percent of GDP. Yet amazingly, Japanese banks have eliminated more than 15 percent of their non-performing loans in the last year. With the appropriate policy decisions, Japan will emerge from a decade of despair and enhance the positive trend that is beginning to emerge.

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Although the Japanese economy is looking much better today than just a year ago, the nation is not out of the woods yet. Further structural change is still needed to tap the incredible potential of the Japanese people and restore the nation's economic vitality. It is also the case that much of the recent growth can be attributed to exports, with particular attention given to China. Should China lapse into recession, it could have a dampening effect on Japanese growth.

Nonetheless, Japan is now poised to build on the economic growth of the past two years and create a solid economic foundation in the decade ahead. With the appropriate measures, the Japanese can look back on the "lost years" (the 1990s) as a lesson learned and not to be repeated.

The so-called setting of the Japanese sun, predicted by James Fallows, among others, is largely a mirage derived in part from the lens that observed unprecedented success between 1950 and 1990. Four decades of success produced the illusion that any investment would lead to a significant rate of return. Many ill-advised investments prompted by government linkages to the banking industry precipitated the debt crisis. But the government has learned its lesson. Hence, debt is being reduced and the Nikkei is showing signs of vitality. Although the growth rate will not measure up to that of Japan's greatest boom years, 3 percent GDP growth compounded should produce a new generation of wealthy Japanese.

It is no surprise that Wall Street is finally taking notice. Japan is back on the investment radar screen. The sun is not setting in Japan. Rather, it is starting to rise. Any other bet in the next couple of years is likely to be misguided. □

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Mismanaging Iraq

The Economics of Insurgency

John Doe

HOW CAN we best understand developments in Iraq? The picture emerging from journalistic and official reports suggests that senior-level civilians in the White House and Pentagon were guided by a mix of ideology and the desire to have their decision to go to war validated. This repeatedly led them to underestimate the risks and challenges posed by the occupation. They hoped Iraq might rapidly become a clean slate on which to construct a new Middle Eastern society. By most accounts, the prospect of an ongoing insurgency scarcely appeared in their scenarios.

And so one misstep followed another: failure to prevent immediate postwar looting of buildings, infrastructure and arms depots; too few coalition forces; disbanding the Iraqi army; excessive de-Ba'athification, creating a sizeable class of angry and idle middle- and higher-level

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managers and bureaucrats; failure to seal the borders with Iran and Syria, in part because, having disbanded the army, resources for doing so were lacking; inadequate outreach to Iraqi civil society; not understanding the depth of Iraqi disaffection with the occupation; failure to enforce criminal law and coalition anti-militia measures against radical Shi'a cleric Moqtada Sadr and his Mahdi Army; and carelessly beginning the high-risk military operation in Fallujah in April that could not be completed.

Missteps in economic policy followed the same pattern. The coalition's overall objectives for Iraqi economic development were sensible enough—replacing a one-industry oil-pump economy, replete with war- and dictatorship-related corruption, with a diversified market economy. This would require the introduction of contract law and property rights, reduction of subsidies so that the economy might respond to price signals, encouraging enterprise and foreign investment, revitalizing the monetary system and banking sector, and encouraging private sector development. The coalition also intended that oil sector recovery and U.S. and international reconstruction funds would generate an economic boom.

With the exception of the last, these were long-term goals. And the goals were important, insofar as regime change in Iraq was intended to introduce national or regional economic liberalization. But the game plan offered little mechanism for moving from the chaos of a collapsed, state-dominated economy to the liberalized end-state the planners would prefer. To the extent that anyone had a plan for recovery itself, it was a combination of pouring on infrastructure contracts and cold-turkey privatization of state-owned enterprises.

By fall 2003, it was clear that large-scale unemployment persisted, with estimates that as much as 70 percent of adult males were affected. It was equally evident to many, including senior coalition military officials, that economic distress was an important contributor to support for insurgency—high unemployment was a critical political and military problem.

And so, even before the Abu Ghraib abuses became public, it was clear that support for the occupation among Iraqis was rapidly eroding. One year after the invasion, physical security was deteriorating, and, despite indicators of modest economic improvement, large numbers of Iraqis could not find regular work.

THE ANSWERS should have been almost as clear as the diagnosis. Where an economy generates insufficient demand to put people to work, the government should step in to boost demand. This is especially the case where investment outlays are constrained by the uncertainties of war, and where market imbalances are unlikely to be self-correcting. Much of the Iraqi budget nevertheless has not been apportioned in a way that would boost employment or demand for domestic production. Much government spending is used to import goods, often in large bulk purchases of food and refined fuel products, or is distributed to citizens who then use it for consumption imports. Growing amounts are now also spent for military and security purposes, which do indeed create employment—but often without boosting the supply of domestic civilian goods and services. The usual economic result of such spending is to increase imports.

A more effective way to raise both employment and domestic production would have been to allocate large sums—perhaps $2–3 billion from the $87 billion 2003 Supplemental Budget, or from the portion of $18.6 billion earmarked for Iraqi reconstruction—to projects that would bring rapid deployment of local Iraqi labor and supplies. An obvious use for such outlays would involve building houses and apartments. Lead times and

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advance planning would be short, and demand for living space was and is quite high, following years of deprivation and rapid population growth. A second use might have been improvement in municipal services. Conversation with a few Iraqis in almost any ministry reveals a sore point to be the poor quality of such services, for example, garbage collection. It would have been straightforward to develop and implement a series of demand-boosting projects, if it had dawned on anyone at the right juncture that it was critical from a strategic perspective to do so. And security considerations are different for Iraqi workers and contractors: Unlike expatriates, most Iraqis will not stop working or leave their country for fear of physical safety.[1]

WHY WAS it not done? One reason is that the Washington budget process did not serve us well. It is cumbersome and demands approvals—and often brings delays—at every step. Also, in the nature of things, budgeting tends to favor contracts for U.S. companies, so large portions of outlays are spent in the United States rather than in host countries. Perhaps the usual procedures could have been circumvented had a demand-boosting amount been designated as a military imperative. Indeed, in what most of us thought were effective operations, some money was spent in Iraqi towns and cities by Army and Marine Corps civil affairs units. But the aggregate amounts ran no higher than a few hundred million dollars.

A second reason was a belief that money would soon pour in from other sources—U.S. reconstruction money, international contributions and foreign investment. A parallel claim was that economic activity would move soon to such a fever pitch that Iraq would face a labor shortage and have to import workers from poorer third world countries by as early as summer 2004. We know of course that by September 2004, no more than $1 billion of the $18.6 billion reconstruction amount had been spent, and very little private sector foreign investment has appeared—although some expatriate Iraqi money has come home. In fact, in the midst of the insurgency, security concerns increased, investment stalled and projects were delayed. Thus we had no economic strategy for countering insurgency. We implicitly assumed that the insurgency would go away.

A third reason may be that the whole matter of linking demand-boosting policy to dampening support for insurgents never got the attention of the right people. But ideological hostility also played a role. It is one thing to spend money on contracts for U.S. firms, but something quite different to provide a Keynesian-style demand boost to a foreign country, and an oil-rich country at that. Indeed, some of the people in the coalition known to be personally close to the Bush Administration occasionally said things like: "There is no connection between unemployment and support for the rebels, and anyway, the insurgency will shrink as the private sector recovers." The underlying preference was that we should rely on the private sector to generate jobs—apparently, even in the midst of a U.S. foreign policy emergency, and facing a contested presidential election, the outcome of which might depend in part on whether the Iraqi insurgency could be contained.

Now, after a year and a half of growing insurgency and continued high unemployment, and as the reconstruction budget is reconfigured, the U.S. embassy is asking for $286 million to "accelerate employment." This is only a small fraction of the necessary amount, and it is hard to imagine that it is enough to make much difference, even assuming it is spent

[1]Additionally, where spending projects increase the quantity of goods and services, they should not trigger general inflation.

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fairly soon. Economic distress has continued to feed the insurgency, which by now indicates serious policy failure.

ANOTHER AREA where economic policy became disconnected from the military and political situation involves privatization and state-owned enterprises (SOEs). For at least some of the Bush appointees, Iraq became an economics drawing board, a prospective showcase for the benefits of free markets. One driving notion was to sell SOEs and henceforth let the market sort matters. If someone pointed to corruption that might result from the privatization process—as often observed a few years earlier in the former Soviet Union—the ideologues would simple-mindedly counter that the cure for corruption was a smaller government. In any event, how could the market reallocate corporate resources in an economy lacking organized financial markets, and with no better than muffled price signals and dubious judicial mechanisms? Most advisors affiliated with the coalition doubted that rapid privatization would achieve the hoped-for results—especially not in the context of extreme market distortions caused by the growing insurgency and by price controls long in place for most commodities. Also, apparently only after the Coalition Provisional Authority had been in place for months did anyone notice that the Hague conventions of 1908 and the Geneva conventions of 1949 are usually understood to make it a violation of international law for an occupier to sell a host country's state-owned property.

A related issue concerns contract procedures. Many Iraqis expressed anger that bidding for U.S. and coalition contracts and subcontracts was not more open to Iraqi firms. In fact, the charge was somewhat unfair, as the U.S. Agency for International Development and others made efforts to encourage subcontracting to Iraqis. Furthermore, by May 2004, coalition lawyers concluded that there were no legal restraints on the full participation of Iraqi firms, including SOEs, in bidding on reconstruction contracts and subcontracts originating in any of the coalition countries. The coalition contracting office largely adopted that legal view as policy and invited bidding across the board. Nevertheless, some groups inside the coalition objected to SOE eligibility, basically on the grounds that SOEs should first be privatized. While the contracting office keeps bidding open to all comers, the coalition has never reinforced this practice with a formal policy announcement so as to ensure that it would continue for future contracts and under future administrations. A formal policy memorandum would have created predictability in an area where decisions are essentially ad hoc. This is essential, because contract officers and evaluation committees tend to be risk-averse. Furthermore, cultural tendencies often lead Iraqis to assume that what is not specifically authorized is prohibited. Similarly, a number of proposals for financing lending funds did not get off the ground because they sought to deal only with private sector firms, or in other ways demanded that links with the Iraqi government be severed as a precondition for eligibility.

Viewed slightly differently, demands to privatize and otherwise delegitimize SOEs were economic parallels to what is widely acknowledged to have been the political mistake of disbanding the Iraqi army. Among Iraqi firms, SOEs are more likely to be involved in job-creating manufacturing than the more trade-oriented private sector firms. Both policies treated structures in place as detritus to be removed rather than as institutions that employed large numbers of Iraqis. In both cases, coalition actions led to Iraqi bitterness, something that would surely have been greater had privatization in fact occurred.

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THE COALITION has been correct in seeking to reduce food and energy subsidies, and in attempting to introduce market-determined price signals. All sectors of the Iraqi economy, not just SOEs, have received subsidies and have been subject to price controls. Even where privatization is delayed, introduction of price signals will give impetus to sustainable economic activity. On the other hand, a government facing an insurgency and a legitimacy gap is not likely to embrace higher prices for food and energy.

In the meantime, we should understand the economic scale of the subsidies. Estimated Iraqi GDP ran at $25–30 billion during 2003, with the government budget accounting for about half of that. Refined fuel products and electricity are sold in Iraq for pennies on the dollar of their international value; large amounts of refined fuel are even purchased abroad—at least $2 billion annually, though considerably more than that at current prices—then sold domestically for a tiny fraction of the cost. Assuming such amounts are valued at a crude-oil export price of $30 per barrel, the implicit subsidy for domestic fuel consumption is in the vicinity of $9 billion annually. This is the amount that would accrue to the Ministry of Finance either through international or domestic sale of crude. At $50 per barrel, the subsidy rises to perhaps $15 billion annually. This subsidy benefits mostly middle income Iraqis, those able to afford automobiles and appliances.

The Public Distribution System (PDS) food basket, inherited from the UN Oil for Food program, now costs around $3.5–4 billion annually. Most of the amounts are used for bulk foreign purchases of wheat, rice and other commodities. Proposed PDS reforms would replace the food allotments with cash or perhaps food stamps, so the direct savings to the budget would be minimal. The economic benefits would come through a shift from foreign bulk purchases to consumption of domestic production; indeed, bulk foreign purchases contributed to destroying the market for locally produced grains. Notwithstanding the low quality of many items, however, the PDS food basket is highly popular with Iraqis, who fear that monetization of benefits would mean reduced access to food. Many recall the previous government's demonstrated ability to inflate away promised entitlements. Unlike fuel subsidies, the PDS is of most benefit to low-income Iraqis. At present the food basket is the most important element of the Iraqi welfare net. Public opinion surveys have shown that monetization of food benefits might trigger social unrest and abet the insurgency. Despite this, Iraqi officials are encouraging upgrades in services and products by voluntary abandonment of the subsidies. For example, Iraqis can now avoid queues and other inconveniences by paying more for gasoline. More varieties of foods are available through cash purchases outside of the PDS.

PDS monetization gets more policy emphasis than it warrants in terms of the economic boost that it could be expected to generate. Saddam's government initiated bulk foreign purchases in 1990 because the domestic agricultural system was already dysfunctional. Agriculture faces supply-side constraints induced by war, sanctions, unenforceable contract and property rights, inadequate fertilizer, salinity, lack of soil testing, low seed quality and so on. Yields per hectare run at about 30 percent of what they are in neighboring countries. These matters are now getting attention, as coalition advisors have developed reform agendas, and as $100 million of U.S. reconstruction funds have been shifted to agriculture restructuring. Regrettably, these programs should have geared up months or even a full year earlier. As yields recover, PDS purchases from the domestic market are likely to increase.

Reform of subsidies should also be combined with development of social

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safety nets and more broadly with consideration of how best to use oil revenues. At present, the safety net is badly frayed. Former soldiers are collecting severances, and by a recent count some 1.3 million people collect pensions, while about 100,000 families collect subsistence welfare, out of a population of 26 or 27 million. There is no unemployment insurance. It is, however, more efficient to provide social insurance through means-tested benefits than through universal entitlements. Data gathering for implementation of means-tested benefits should begin immediately. The PDS rolls can be used as a starting point.

If fuel and electricity subsidies are scaled back or eliminated, large amounts of money would flow into the national treasury. From a development point of view, that would be a very mixed benefit. Oil revenue has seldom been used effectively to generate broad-based development—it tends to foster centralist control, lack of transparency in investment allocation and distribution of surpluses, and weak or perverse incentives. While the insurgency continues, and as reconstruction demands absorb any available resources, Iraq may have little choice but to funnel revenues through the Ministry of Finance. But at some point, probably as subsidies are reduced, a portion of oil revenues should be placed in a separately managed oil fund, and portions of interest on the fund, or even portions of annual revenue, should be distributed to the citizens of Iraq. This could be a mechanism for helping people offset costs of decontrolling fuel prices. It would also give Iraqis a stake in the economic success of their country. If oil prices remain at the high levels of late summer 2004, introduction of an oil fund should be accelerated.

ECONOMIC POLICY always has political consequences, but never more so than in a society facing widespread insurgency and potential civil war. The precepts of diplomatic "realism" should be consciously extended to economic decisions. To announce free markets as a goal of economic policy is not an effective program for waging war against an insurgency. Our failure to put people to work, abetted by our campaigns against state-owned enterprises, may prove to have contributed to irrevocable damage.

As we look ahead, it seems likely that Iraqi officials understand the importance of decontrolling prices and removing subsidies and will address them in the event that public safety is restored. We may also expect that Iraqi officials will seek ways to meet subsistence requirements of those Iraqis otherwise without resources—although they would surely benefit were they to introduce means tested, "rationalized" safety nets.

It is less clear that Iraqis understand the importance of decentralizing control over their oil resources. It will be important over the next several years that coalition advisors, as well as those from elsewhere, including the World Bank, the International Monetary Fund and the European Union, continue to emphasize mechanisms for distributing revenues. But by far the most significant short-term issue remains inadequate employment. It may be that higher oil prices will now work their way through the Ministry of Finance so as to generate domestic projects and domestic demand. Given the awful public safety situation, we cannot presume that disbursements will have the desired amplifier effects on private sector investment. It remains urgent that public funds be directed into types of investment, including public sector investment, that will have maximum impact upon the use of Iraqi labor and resources. Iraq's future demands it. □

John Doe is a pseudonym. The author was an advisor to the Coalition Provisional Authority in Baghdad.

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Banking on Turkey

H. Kaan Nazli

BARRING A LAST-minute crisis, the Council of Ministers of the European Union appears likely to invite Turkey to begin membership negotiations in 2005 after its summit meeting this December. The European Commission's explicit positive recommendation and the acknowledgement in an annual progress report that Turkey has achieved the required threshold to meet the 1993 Copenhagen political criteria reduces the ability of the more reluctant EU members to base their opposition to the launch of talks on technical grounds.

There should be no illusions, however. Turkey's accession negotiations are expected to be long, nonlinear and open-ended, due to continued fears across Europe about admitting a poor, populous, Muslim country. This process will nonetheless provide an anchor for Turkey to stabilize its economy and attract much-needed foreign investment.[1]

The development of a robust and modern banking sector is essential for Turkey to ensure capital formation to create the basis for sustainable financial stability and long-term economic growth—all necessary preconditions for Turkish membership in the EU. This will help reduce systemic risks in the financial sector and prevent a repeat of the 2001 financial crisis, the trigger of which was the fragility of the banking system. The 2001 crisis resulted in a 7.5 percent contraction of the economy, the worst economic crisis in the nation's history. A robust banking sector will also improve access to a wide range of modern financial products and services, including supply capital and credit, for the manufacturing sector as well as small and medium enterprises and low-income earners.

The opening of talks with the EU will be a significant opportunity for Turkey's banking sector in the next few years, as the prospect of EU membership negotiations has increased European interest in Turkey's banks. Although no deals have gone through so far, the accession process will raise European interest in the Turkish banking sector and may lead to major mergers and acquisitions. If talks begin as expected, the next three years will bring significant changes in both the ownership and asset structures of the banks as Turkey stabilizes its economy and continues its path toward converging with EU standards. The Justice and Development Party (AKP) government is currently in negotiations with the International Monetary Fund (IMF) on a new economic program, which would also serve as an economic recipe to bring Turkey's economy into closer compliance with the Maastricht criteria.[2]

The AKP government's commitment to increasing regulation in the banking sector and implementing the current IMF-backed economic program—to be

[1]Zeyno Baran discussed the strategic significance of Turkey's accession process for the Euro-Atlantic community, including the consequences for the country's economic stabilization and development, in her article, "The Dating Game", which appeared in the Spring 2004 issue of *The National Interest*.

[2]The Maastricht Treaty created a single currency and laid down five criteria designed to promote

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replaced by a new three-year stand-by agreement by the end of 2004—has benefited the Turkish banking sector. The market's confidence in the government's overwhelming strength in the parliament and its commitment to reform led to a substantial decline in interest rates and strengthened domestic currency, leading to a virtuous cycle in the financial markets. Despite pressure from its low-income constituency to boost public investments, the government appears to have recognized the need for continued fiscal consolidation to reduce Turkey's massive debt—now at about 70 percent of GDP—and maintain sustainable growth in the long run.

The Turkish banking sector has undergone substantial reform over the past four years. More rigorous monitoring and auditing procedures have been instituted for private sector banks with the establishment of the Banking Regulation and Supervision Agency (BRSA) in 2000. In order to remove weak banks from the system, the authorities encouraged consolidation and threatened nationalization of banks that do not meet minimum capital-reserve thresholds. The BRSA eliminated some 21 insolvent banks, while public banks began offering market interest rates, helping Turkey's major private banks that are more financially sound to increase market share on foreign exchange as well as local currency deposits.

The private banking system also benefited from the country's impressive performance in macroeconomic stabilization, as this has encouraged foreign capital inflow as well as the transfer of domestic savings out from underneath people's mattresses and into the banking system. GDP growth was reasonably strong despite the severe constraints on government spending, and it is expected to reach 7.5 percent for 2004 on the strength of increased private investment and consumption. The AKP government successfully continued its anti-inflation program, and consumer surveys anticipate year-on-year consumer price inflation to fall to approximately 9.5 percent by the end of 2004, down from about 30 percent two years earlier—and below the government's original target of 12 percent.

The strength of the Turkish lira has increased the weight of the lira-based equity accounts in the balance sheets of the banks, strengthening capital adequacy ratios. The banks enjoyed huge windfall gains on their sizable government bond portfolios as interest rates declined from levels around 65 percent in the first quarter of 2003 to 22 percent by October 2004. Financial consolidation, alongside increased productivity, allowed the banks to start allocating an increasing portion of their growing asset bases away from the bond portfolios and into higher-risk retail banking products such as consumer lending and credit cards, contributing to the country's impressive growth performance in 2004, expected to come in at around 10 percent.

The banks are by no means out of the woods. They remain vulnerable to a potential crisis that may change the macroeconomic environment, as the share of government bond portfolios in overall assets (for example, Akbank, Turkey's largest, has 50 percent of assets invested in bonds) exposes the banks to potential interest rate fluctuations and

convergence among European economies. Inflation should be no more than 1.5 percent above the average inflation rate of the three countries with the lowest inflation rate in the EU; long-term interest rates should be no more than 2 percent above the average of the three countries with the lowest inflation rates; the budget deficit should be no more than 3 percent of the country's GDP while the overall national debt should be no more than 60 percent of the country's GDP; and finally, exchange rates should remain within the normal bands of the exchange rate mechanism, with no realignments for at least two years.

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exchange rate volatility. The scarcity of free equity remains a critical concern for the long-term profitability of Turkish banks in a low-inflation environment. The analysis of the first-quarter 2004 sector data shows that while Turkish banking assets have reached $195 billion, 49 percent of the sector's equity has been locked up in property investments and shares in other companies (for example, Yapi Kredi's participation in cellular operator Turkcell).

The possibility of a smooth consolidation process through injection of the existing shareholders' sizeable capital into the Turkish banks or voluntary mergers among the existing players looks remote, however. The possible opening of EU accession negotiations in 2005, in this sense, may increase appetite among international banks to buy market share in Turkish banking and may facilitate fresh equity injection through mergers and acquisitions. Among the local banks, only Akbank seems fit to be a potential acquirer given that the size of its free equity exceeds $3 billion, indicating the critical importance of foreign interest for the sector to maintain sustainable growth and reduce its vulnerability to interest and exchange rate fluctuations.

So far, there has been an increased appetite from international giants to enter Turkish banking, but no large-scale deals have gone through. The investments of the early entrants such as British HSBC, which acquired Demirbank, and Italian Unicredito, which signed a 50–50 partnership with Kocbank, have remained relatively small, with market shares in total banking assets at 1 percent and 3 percent, respectively. The recent failure of Italian Banca Intesa and Dogus Group negotiations for the sale of the majority stake in Garanti Bank (due to disagreements on the share purchase agreement) eliminated hopes that such a large-scale deal would encourage further interest in the banking sector. There are indications, however, that international interest will increase in the next few years.

Regardless, Garanti Bank will maintain its place as one of the top acquisition targets for a potential entrant to the Turkish market, although the break-up of the Banca Intesa talks may have delayed its strategic sale prospects. Meanwhile, the state-owned Vakifbank, which yielded a $159 million net profit in 2003, awaits privatization in 2005. TEB, a mid-sized Turkish bank, is officially in partnership negotiations with France-based BNP Paribas. Yapi Kredi Bank, which is to be sold by the end of October 2005, should also attract international interest, although whether Cukurova Group, the bank's former majority owner, repays a $2 billion debt to the bank will be critical for the bank's financial health.

THE OPENING of EU membership negotiations will benefit Turkish banks even in the absence of a great merger and acquisition between a Turkish bank and a larger European buyer. First, it will loosen conditions for foreign lending to local banks, as the Turkish economy will look increasingly safe (as the EU talks will create the expectation that Turkey will continue to reform). Second, a consistent increase in Turkey's GDP per capita (currently just 30 percent of the EU-at-25 average) will mean a stronger domestic demand alongside more imports from Europe. Turkey's exports from the EU totaled $36.2 billion in 2003, a figure that is expected to increase with the launch of negotiations. A stronger domestic demand will yield more customers for high-margin retail banking products, particularly consumer loans and credit cards, as has been the case in the early stages of EU convergence for Poland, the Czech Republic and Hungary.

From a broader perspective, the advancement of the Turkish financial sector will benefit Turkey's progress

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towards eventual EU membership, as it will improve the investment environment and facilitate further European investments in Turkey. The EU negotiations are expected to anchor Turkey to EU standards, ensuring the development of a predictable free-market environment for foreign investors. The companies that have recently expressed interest in entering Turkey or expanding businesses have included British LNM Group in steel, France Telecom, Telecom Italia and British Vodafone in telecommunications, and British American Tobacco in the tobacco sectors. Optimists predict that foreign direct investment will triple its current low level of around $1 billion a year. In turn, increased interest from European companies will necessitate a robust financial sector to provide for investments.

Greater economic integration, as has been the case with central and eastern European countries, will not only solidify European business support for Turkey's eventual EU membership, but will also create a community of interests between Europe and Turkey. One factor that has fueled concerns around Europe about Turkey's eventual membership has been whether the European taxpayers want to bear the economic cost. A EU report finds the hypothetical net cost to the EU in 2025 to be between $20.9 billion and $35.4 billion (in 2004 prices), corresponding to between 0.1 percent and 0.17 percent of the EU's GDP. The actual cost will certainly come out much less once the parameters for the financial negotiations with Turkey have been defined in the context of the 2014–21 budget, as the EU amends its policies with regards to agricultural and structural funds. Business interests, with more European companies investing in Turkey, will push the cost even lower.

This will help Turkey's eventual EU membership look increasingly like a natural outgrowth of economic integration—rather than a political and too expensive decision made by EU leaders (with significant pressure from Washington) in the face of skeptical populations all around Europe. □

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When it gets down to it—talking trade balances here—once we've brain-drained all our technology into other countries, once things have evened out, they're making cars in Bolivia and microwave ovens in Tadzhikistan and selling them here—once our edge in natural resources has been made irrelevant by giant Hong Kong ships and dirigibles that can ship North Dakota all the way to New Zealand for a nickel—once the Invisible Hand has taken all those historical inequities and smeared them out into a broad global layer of what a Pakistani brickmaker would consider to be prosperity—y'know what? There's only four things we do better than anyone else:

music
movies
microcode (software)
high-speed pizza delivery

—Neal Stephenson
Snow Crash

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Dreaming Europe in a Wide-Awake World

James C. Bennett

Timothy Garton Ash, *Free World: America, Europe and the Surprising Future of the West* (New York: Random House, 2004), 286 pp., $24.95.

Thomas P. M. Barnett, *The Pentagon's New Map: War and Peace in the Twenty-First Century* (New York: Putnam, 2004), 320 pp., $26.95.

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Olaf Gersemann, *Cowboy Capitalism: European Myths, American Reality* (Washington, DC: Cato Press, 2004), 320 pp., $29.95.

Jeremy Rifkin, *The European Dream: How Europe's Vision of the Future Is Quietly Eclipsing The American Dream* (New York: Jeremy P. Tarcher/Penguin, 2004), 434 pp., $25.95.

THE WORLD today is a vastly different place from what it was thirty years ago. Then the picture was dominated by the stark contrast between the generally prosperous and free First World, the economically stagnant and drably totalitarian Second World, and the seemingly hopeless Third World. Today, that disturbing but fairly simple tripartite classification has been replaced by a much more complex picture. What stands out in this new picture is the way winners and losers are emerging within each of the former categories. Within the former Third World, erstwhile basket cases such as China and India have become awakened giants, economically dynamic and increasingly more assertive on the international stage, while other Third World locations have become more of a Fourth World, sinking into a Conradian heart of darkness, breeding a seemingly endless mess of massacre and terrorism. The bright lights of Prague, Budapest and Warsaw signal a reborn eastern Europe, while Belarus and Ukraine struggle, and Russia wavers in between. Even in the First World, more and more is heard of Atlantic Divides and a growing feeling that America and a uniting Europe have less in common with each other and more in common with other parts of the world. Making sense of this complexity and illuminating a path forward is the intellectual task of today, one which becomes a metric for judging all international trends and policy analysis.

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One of the most interesting analytical problems is that presented by the divergent paths taken by the developed nations of the First World, and their respective degrees of success. These are sometimes segmented out as Europe, America and Japan, but the more useful division is probably one of Japan, Continental Europe and what are variously called the "Anglo-Saxon" economies or, increasingly, the Anglosphere. In the early 1970s, all three of these regions were seen to be facing roughly the same set of problems: first, stagnation of a modified market economy defined by substantial economic regulation, high marginal tax rates, and a fairly high percentage of GDP captured by the public sector, as well as high wage levels and inelastic industrial structures reinforced by strong unionism; second, a declining birthrate, which promised trouble downstream for pay-as-you-go pension and benefits programs; and third, a weakening of the old sources of social cohesion, particularly religion, patriotic narratives in education and the media, and (in some countries) ethnic homogeneity.

From the end of World War II to the early 1970s, all three sectors of the developed world enjoyed a general economic expansion. Continental Europe and Japan in fact each experienced more rapid growth and development than the English-speaking nations, mainly from the spur of postwar reconstruction. However, as more and more of the Third World began adopting aggressive, export-driven industrialization strategies, the old cozy collaboration of government protection and passing wage increases on to the consumer began to fall apart.

The Anglosphere nations, led by the United States and Britain, reacted by reducing marginal tax rates, privatizing and deregulating markets, and refusing to subsidize declining smokestack industries. High levels of immigration were accepted, reversing the demographic patterns of decline. Continental European nations responded by increasing European integration, thus expanding internal market opportunities but retaining and even reinforcing the "social market economy"—legislated job protection and generous social benefits, particularly for the unemployed.

A wave of European Union-mandated privatizations ended the most egregious boondoggles, and small, protected national companies were absorbed into a smaller number of EU-wide champions, which were protected more subtly by disguised subsidies and ingenious non-tariff barriers. Meanwhile, most European nations accepted "guest workers", increasingly from North Africa and Turkey. But their assimilation into European national cultures was never aggressively pursued.

Finally, Japan addressed essentially the same set of problems through aggressive use of automation and offshore production, honing their competitive capabilities, and continuing a rather blatant policy of domestic protection. Japan also employed other labor-saving strategies and a minimal number of temporary foreign workers, though making clear that they were expected not to become permanent residents.

So the world economy must today be considered as one vast experiment. The object of this experiment is to determine whether the developed nations might continue to enjoy at least their current levels of prosperity, while the large developing nations of India and China become major economic players and a host of smaller, newly industrialized countries acquire the capability to offer almost every sort of manufactured good and advanced service at the same quality and lower price.

Author Neal Stephenson once famously described this process ending with a global standard of living stuck at "what a Pakistani brickmaker would consider to be prosperity." The chal-

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lenge for the developed world is to avoid this fate, while not retarding the emergence of these major new players. At the same time, we must deal with those parts of the world that, for whatever reasons, are not climbing the ladder to prosperity. Engagement with these disadvantaged areas is less a matter of philanthropy than of the acute security challenges presented by the current anarchy. These areas, instead of exporting trade goods, are supplying large numbers of desperate immigrants, legal and illegal, and smaller but highly troublesome numbers of criminals and terrorists.

IT IS IN this global and historical context that we must examine Europe's present and future, and what they may mean for the United States. Any static view of Europe today, or one that merely contrasts Europe and the United States in a less-than-global context, is worse than useless. Whatever the relative standings of Europe and the United States may be today, they will be different tomorrow. For anyone seeking to understand Euro-American differences in this context, Jeremy Rifkin's and Olaf Gersemann's respective treatments of Europe relative to America provide examples of two dramatically contrasting approaches encountered in this debate.

One holds that the American approach is dynamic and responsive to competition, and thus it is progressive, and therefore good. The other holds that the European Union, by increasing the scale of its market beyond that of the United States, will overcome whatever inefficiencies remain from its social market capitalism and overtake the United States, and thus that it is progressive, and therefore good.

Gersemann's treatment is closest to the first position. Its particular distinction lies in addressing the "yes, but..." arguments made by Europeans and their admirers when addressing the visible GDP gaps between America and Continental Europe. These run "Yes, America has a substantially lower unemployment rate ... but that's because so many Americans are in prison", or "America makes more jobs, but they are low-wage, service-sector 'McJobs.'" (Gersemann characterizes the latter argument as "We can't actually make any jobs, but if we did, they would be good ones.") Gersemann systematically and persuasively rebuts such arguments.

Rifkin's book is a strange duck. It initially seems to offer a conventional example of the second Europeanist position. And in fact, it does include the standard Euro-critiques of the American socio-economic approach: prisons, McJobs, consumerism and so on. As usual, these arguments are used to fill in the argumentative gaps created by the shortcomings of actual, existing Europe, as opposed to the theoretically ever-more-efficient Europe beloved of the *Wall Street Journal* and the *Economist*.

Layered underneath these fairly standard approaches, however, is a deeper and more philosophical level of argument than Europeanists usually present. Rifkin argues that the European approach (*The European Dream* of his title) is precisely the abnegation of traditional progressivism in its most fundamental sense: the belief in the desirability of material and scientific progress, and the individual identity and freedom that accompany it. Thus, Rifkin's is a two-level critique of America contrasted with virtuous Europe. First, he asserts that Europe is surpassing America on the conventional criteria of prosperity. But he then adds that where economic success is absent in Europe, that's okay too, because progress is bad for you anyway.

Rifkin, therefore, requires critiquing on both levels. Gersemann, in debunking the general Europeanist criticism of America, (his book was written prior to the release of *The European Dream*) provides an excellent analysis of Rifkin's sur-

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face level. The case for the coming European triumph over America is quickly refuted. Gersemann, himself a German financial journalist (currently Washington correspondent for *Wirtschaftwoche*), convincingly refutes all of the prevailing Euro-legends about America, from the supposedly collapsing middle class to medical care to income inequality. He likewise documents the growing structural and demographic crisis of a Europe that has created more unfunded obligations than it can fulfill—while producing too few children to pay the bills their parents are racking up.

Immigration, which is now hoped to be able to fill the demographic gap, remains problematic. It is exactly the postmodernist multicultural narrative so praised by Rifkin that has created an unassimilated immigrant underclass. This underclass is a poor candidate for stepping up to the greater taxes needed to fund the lavish pensions now coming due. Young, mostly Muslim families struggling under ever-increasing payroll taxes will hear calls from ethnic-based politicians to repudiate the checks that old rich white Europeans had written to themselves. To the extent that Rifkin holds up Europe as a model for Americans to emulate, he is in effect urging the purchase of a ticket on the Titanic.

AT THIS POINT one must turn to the underlying level of Rifkin's critique, that of the entire complex of ideas of autonomous individuals with enforceable constitutional rights. In essence, Rifkin is saying "Okay, perhaps United Europe will after all be poor and strife-ridden. But at least you will lose your freedom and individualism in the bargain." Rifkin presents a distillation of the positions of a number of European intellectuals over the past decade or two (but with roots in a Europeanist tradition going back much further). This argument states, roughly, that the entire idea of progress—of autonomous individuals possessing stated constitutional rights in a contract-based market society—is a historical aberration, and an unfortunate one. Rifkin traces it to the Renaissance and the Industrial Revolution and certain precursor events, including the introduction of scheduled time by the Benedictine order.

In Rifkin's narrative, medieval people lived a collective lifestyle, in which individuals were embedded in a web of connections and did not think of themselves as apart from their colleagues. It was only the introduction of the proto-capitalist mentality that shattered this comfortable universe of family, congregation and community and transformed mankind into alienated individuals. The *coup de grace* was provided by extreme Protestant sects in the English Civil War, who used the new invention of printing to shatter the last stands of community by preaching the direct link, via the Bible, between man and God. These individuals went on to develop capitalism and technology, destroy the environment, subdue the Third World, and create our current world of SUVs, beef eating, obesity, and excessive punctuality (to give some idea of the *bêtes noires* inhabiting Rifkin's earlier works critiquing the American way of life). America is of course the ultimate example of this alienated world, while Europe is on the path back to connectedness, mostly by creating vast, unaccountable bureaucracies and substituting positive rights (things the state must do *for* you) for negative rights (things the state cannot do *to* you).

What Rifkin is talking about is familiar to anyone who has studied the historiography of the Industrial Revolution: Marx and Engels on alienation, Tönnies' distinction between *Gemeinschaft* and *Gesellschaft* societies (the former Rifkin's medieval, status-based, "connected" societies, the latter modern, contract-based individualist societies), and Max Weber's famous "Protestant Work Ethic" thesis.

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All these theorists posited a world characterized by universal laws of cultural evolution: Everyone was once tribal, then agricultural, then feudal, then modern (or is destined eventually to become so). The Marxists posited subsequent stages of socialism and communism, and others debated how, when and why peoples moved from one stage to another. Rifkin's novel contribution is to identify the emerging European postmodernist society as the next stage. Instead of a proletarian revolution ushering in central planning, we are to have a centralized bureaucratic revolution that will plan proletarian immobilization.

BUT WHAT if there are no inevitable stages of social evolution? What if some people have never displayed the characteristics of *Gemeinschaft* society, but have been individualists from as far back as records could show? This in fact seems to be the case. It is the English (and their cultural descendants throughout the Anglosphere) who for many centuries have been the exception. Over the past thirty years, an intellectual revolution has been taking place in historical sociology, led in particular by Alan Macfarlane (whose works deserve a more substantial treatment in this regard than is possible here).

Macfarlane and his associates have demonstrated very convincingly that English society back to Anglo-Saxon days has been characterized by individual rather than familial landholding; by voluntary contract relationships rather than by inherited status; and by nuclear rather than extended families. Individuals were free of parental authority from age 21 on, and daughters could not be denied their choice of husband (unlike on the Continent). The English nobility, regularly churned by elevation of commoners and marriage of younger sons to non-titled families, tended to mix freely with the rest of society, rather than being a separate caste, again as on the Continent. Rather than the English Reformation being the event that caused this change, it seems to have been (for the majority of the population) the event that brought formal theology and church government more in line with the pre-existing customs of the country. So the English "peasant" that Hollywood is fond of depicting turns out to be the figment of a 19th-century Marxist's imagination.

Macfarlane's body of work represents a momentous intellectual revolution. The implications of this revolution have not yet been fully realized, or even generally understood. It suggests that modernity and its consequences came particularly easily for the already-individualistic English. Conversely, it came particularly hard for the Continental Europeans, whose societies were characterized by all the non-individualistic features England lacked. It was to these Continentals that the intrusion of individualist, market-oriented relations was particularly disruptive and shocking. With medieval traditions of representative government moribund or long vanished, it is not surprising that Continental states had a particularly difficult time adjusting to parliamentary government, experiencing instead frequent coups, revolutions and periods of authoritarian rule, spiraling down to the abyss of fascism and communism.

It has been usual to write the history of the past two centuries of Continental Europe as one of modernity and democracy punctuated by periods of exception, but it may be more accurate to see the period from 1789 until the very recent past (France's current political arrangement dating back to 1958, Spain's to 1976) as a long, difficult and perhaps incomplete period of adjustment to modernity. Although certainly the majority of most Continental populations made a perfectly successful transition to modernist life, a significant minority never fully bought in to the psychology or

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assumptions of liberal society, and thus were easily recruited into the darker visions of fascism. That may explain why Anglosphere nations never developed significant fascist movements, despite experiencing the same traumas of postwar disillusionment and economic depression.

In this light, Rifkin's European dream becomes just one more chapter of what economist Brink Lindsey has aptly dubbed the Industrial Counter-Revolution—a diversion from the path to modernity rather than an effective alternative to it. Fortunately, this version of it lacks the fascination with violence and the cult of leadership that characterized the previous rejection of modernity in Europe (not to mention the effective military organization). Still, the Europeanist dream as articulated not just by Rifkin but by many intellectuals incorporates so many of the tropes of the authoritarian anti-Americanists from the Europe of 1921–45 that the current "Atlantic divide" (which in reality is still more of a Channel divide) may not be easily or quickly resolved.

ONE MUST then ask, if the divide between *les Anglo-Saxons* and the Continentals is genuinely deep rooted, why have Atlantic relations over most of the past fifty years been so relatively tranquil? It may be because the Cold War years, with their combination of Soviet threat and open American markets for recovering Continental industries, and with the Third World economically invisible, provided a period of unique military-political stability and economic opportunities that provided uniquely strong incentives to smooth over problems. With the end of the Cold War, the first incentive has disappeared. With the rise of the newly industrialized countries, the European share of the American export market continues to shrink. Japan now competes for the luxury markets Europe used to dominate, India targets software, while China and the East Asian Tigers take the low-cost manufactured-goods slot from Japan. The Anglosphere nations have navigated this tightrope with a combination of maintaining the high-technology pioneer slot, aggressively combining offshore, low-cost labor with their managerial and financial talents (a strategy followed by Japan as well), and growing their domestic services sector, primarily by entrepreneurism. Continental Europe has so far proven too slow and inflexible to follow this pattern. In this environment, the Anglosphere-Eurosphere divide promises to widen, not shrink.

Rifkin's analysis either ignores or trivializes this problem, despite his frequent invocation of the term "globalization", which in his eyes becomes primarily a justification for European-style multiculturalism. Fortunately, this global context is becoming more widely recognized. Two new books coming from the opposite sides of the British debate on Euro-Atlantic relations, Timothy Garton Ash's *Free World* and Christopher Booker's and Richard North's *The Great Deception*, provide a much more illuminating discussion, and one rooted much more soundly in current realities.

The British debate is particularly interesting, because Britain is a sort of canary in the mine for Euro-Atlantic relations. Any perturbation in those relations is usually foreshadowed by a perturbation in British politics over the same issues. This debate thus cannot be resolved without finding a consensus on exactly what "Europe" and "America", or increasingly, "the Anglosphere" mean, and where and how Britain fits into each. This debate has been continuing unresolved for decades. As issues such as the Single Currency and the current European constitution have begun to present Britain with the prospect of an irreversible commitment to the EU, the debate has become increasingly acute and shrill.

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Timothy Garton Ash, a British historical scholar of high reputation *and* a convinced Europeanist, has produced a work that promises to help move the debate toward a consensus on at least the underlying questions, if not necessarily the right answers to them. He imaginatively casts Britain as a four-faced Janus, looking simultaneously in four directions, each of which represents an aspect of British reality, and each of which calls Britain down a particular path. These four directions he identifies as Europe, the Anglosphere, the wider globalized world, and finally the inward-looking focus on the traditional Britain. The Europeanists call for the whole-hearted involvement of Britain in the European Union, the Anglospherists call for the rebuilding of institutional ties to the United States and the Commonwealth, the globalists emphasize the UN and other fully international or transnational bodies, and the Little-Englanders emphasize the recovery of traditional Britain with an unaligned, self-interested foreign policy. Resolving this "Janus dilemma" is both Britain's problem and a wider problem of the Euro-Atlantic West.

Ash's formulation is a welcome advance for the Euro-Atlantic debate. One of the principal obstacles to a useful discussion of Euro-Atlantic issues and Britain's options therein has been the insistence by the Europeanist side that Britain is entirely a European power and that its Anglospherist side is either defunct or irrelevant. Ash states forthrightly that "the Anglosphere is an economic reality", both in the sense that the economies of the English-speaking nations share a recognizable and distinct profile compared to others, and that they do a very substantial amount of business with each other. He cites also the "Inglehart Human Values and Beliefs" study, which found that English-speaking nations form a separate and distinct cluster from other world cultures. So for Ash, the question becomes, "what formulation of interests balances Britain's European, Anglosphere, global and inward sides?"

His question is useful because it proceeds primarily from his awareness of the new global situation: one in which the need for the poorest of the Earth to catch up, the need for the newer developed nations to prosper, and the need for the old developed nations to preserve their prosperity each gets due attention. His answer is, basically, for the developed nations, and particularly the Euro-Atlantic West, to set aside whatever differences they have, renew the mutually advantageous working relationships they enjoyed between 1945 and 1989, and focus on creating a genuinely global prosperity.

In pursuit of this goal he makes a remarkable plea for mutual understanding, reaching out to Americaphobes in Europe and Europhobes in America. His attempt at explaining the actions of the United States since September 11, 2001 from the American point of view for the benefit of Europeans is fascinating to read. If it had been written by any literate American other than a convinced internationalist, it would seem like an unremarkable statement of reality. In fact, it represents a stupendous feat of imaginative reconstruction on Ash's part, comparable to Anthony Burgess's writing a first-person novel-length narrative from a homosexual viewpoint in *Earthly Powers*.

Given this recognition of the genuine case for an Anglosphere identity and dimension, two questions for Britain regarding Europe arise. First, is Britain a European nation with a special relationship to the United States, or is it an Anglosphere nation with a special relationship to Europe? Second, given that it must interact with both spheres, what should the exact nature of the institutional ties with each be? Ash does not really answer the first question, although his presentation gives plenty of evidence for the idea that its Anglosphere identity is

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primary, while his stated conclusions imply that the European predominates. Ash's answer to the second question is essentially that Britain must fulfill its destiny by participating fully in the European Union and embracing further integration. But it must also attend to its Anglosphere side by pursuing larger Euro-Atlantic integrative structures, such as a trans-Atlantic free-trade area and a revived NATO integration.

Laudable as such structures are, Ash at the last minute weakens his argument by shying away from the difficult points. His diagnosis is convincing, his prescription less so. The question comes back to this: Are the structures of the EU the best vehicle for resolving Britain's need to maintain both cross-Channel and intra-Anglosphere ties? And are the structures of the European Union adequate to the task of maintaining the integration of Europe in the wider Euro-Atlantic world, and in the world in general?

BEFORE ATTEMPTING to answer this question, it would be highly advisable to read Booker's and North's *The Great Deception*. These authors, experienced journalists and committed British Euroskeptics, have written a history of how the EU came to be and what the consequences of its peculiar genesis have been. The book is a substantial achievement. It meticulously documents the origins and development of the Union, and in the process destroys a number of common myths, including ones beloved of Euroskeptics and Europhiles alike. For example, although they write from a Euroskeptic perspective, the authors dispel the charges made by many Euroskeptics, including historian John Laughland, that the EU derives primarily from wartime Nazi plans for a *Europaische Wirtschaftgemeinschaft* (European Economic Community, also the original name of the EU). They demonstrate that such plans were never much more than a propaganda exercise to permit collaborationists to rally local support in occupied countries, and that there was no significant continuity between this planning and postwar Europeanist activity.

On the other hand, they re-examine the myth that the EU was the product of gallant anti-Nazi resistance fighters who wished to make sure that war and tyranny would never trouble Europe again. In fact, Booker and North demonstrate that the Europeanist idea dates back to the experience of Jean Monnet and a handful of European bureaucrats in the First World War. They first glimpsed that the way to achieve intra-European economic (and ultimately political) integration was through the same kind of unelected international technical organizations, such as the World War One Inter-Allied Maritime Transportation Board, in which they routinely made decisions that affected the economies of a third of the globe.

It was these experiences that led Monnet and a few partners to set up a series of economic bodies during the chaos of postwar reconstruction, beginning with the European Coal and Steel Community. Having once established them, they relentlessly expanded their reach. The underlying pretense—that the move toward European integration was primarily an economic rather than political exercise—is the "Great Deception" of the book's title. Like a miser hoarding his coins, Europeanists never missed an opportunity to shift power away from nation-states. This strategy led to the European Union, but also became its Achilles' heel. For in gathering power by stealth and exercising it without effective accountability, a substantial "democracy gap" arose—alas, not entirely to the creators' dissatisfaction.

Populations in many European countries repeatedly found their governments making decisions that went against their explicit wishes, and finding, like the Irish, that when they voted the

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"wrong" way on European matters in referenda, they were told in effect to "vote again until you get it right." This democratic deficit, inherent in this model of transnational governance, threatens to weaken support for European solutions just when the pressures of demography demand they be strengthened and reformed. For the British, who have an escape hatch in the form of their Anglosphere and global connections, this may not be fatal. But for the Continental Europeans, their pressing problems require a realistic assessment of their global situation.

Draw a circle on the map of a thousand miles radius, centered on Brussels. Within that circle the states are free and democratic, and military conflict is virtually unthinkable. Now draw a similar thousand-mile circle centered on Tokyo. Within that circle or very near lie a half-dozen states. Three of them have nuclear weapons and the rest are close. These states are rising economic, technological and industrial powers. In contrast to Europe, it is highly conceivable that such weapons, or other weapons of mass destruction, could be used at any time. The transnational institutions and agreements that preclude war in democratic Europe have little purchase in this region.

Europeanists have maintained that Europe's model is the world's future, but while Europeans were combining nation-states into a wider entity after World War II, northeast Asians were taking an existing single-market area (pre-war Japan, which integrated Korea, Taiwan and Manchuria) and turning it into separate nation-states, with equally prosperous results. Even today there is no visible movement to a Northeast Asian Union, although many writers automatically assume that other regions will imitate European structural models. Both *Free World* and *The Great Deception* suggest the conclusion that the EU is probably a one-off happenstance from unique historical circumstances. Once one leaves the immediate neighborhood of Brussels, transnationalism does not seem so inevitable.

America faces both Brussels and Tokyo, and must act in both of these universes. It deploys troops and nuclear weapons in both theaters. Is it any wonder that America cannot wholeheartedly adopt the Europeanist outlook?

YET IT IS this global environment that we must consider as we contemplate Thomas P. M. Barnett's *The Pentagon's New Map*. Barnett describes a world in which the historically industrialized nations are the Old Core, the new industrial powers are the New Core, and the bulk of the old Third World that has not achieved takeoff is the Gap. He sees the task of the 21st century as stabilizing the Gap enough for it to adhere to the Core through "connectivity"—flows of capital, people and trade goods. In order to sustain these flows in a stable world, he would combat anti-globalization jihadis (not all of them radical Muslims) with a combination of hard military power, "soft" economic-political power, and a new synthesis of the two: a "nation-building" capability which he calls the "System Administrator." This last would have been called a colonial constabulary and colonial civil service in the 19th century. Its mandate today, however, would not be an imperial one, but would emanate from the web of transnational institutions that have sprung up, and the bulk of its power would be provided by the United States.

Many of Barnett's basic assumptions—the generally beneficial effects of globalization, the utility of connectedness in fighting the anti-globalization jihadis, and the stake that the Core nations, old and new, have in seeing globalization defeat the jihadis—will meet with general agreement. He is also to be commended for

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realizing that the entry of India and China as first-rank players is a major development of our era, and for constructing a worldview that integrates this fact fully rather than treating it as an afterthought. But his worldview and analytical framework still deserve closer scrutiny.

It makes sense to focus on connectivity as a factor in Gap-state failure, for instance. But Barnett goes further, maintaining that lack of connectivity is the most useful predictor of Gap-state failure and violence inviting outside military intervention. He originally defined the Gap by observing the clusters of U.S. military interventions during the 1990s and then trying to define what these areas had in common. One of these four clusters was the Balkans, specifically the former Yugoslavia and Albania. Yet although Yugoslavia was less "connected" by Barnett's criteria than, say, Austria or Italy, it was certainly far better connected by almost any definition than Bulgaria or Romania, both now candidate countries for EU accession. It seems his "connectivity" metrics might actually be markers for something else. Perhaps the "strength of civil society" is a more reliable underlying predictor of a state's ability to lift itself out of the Gap than connectivity *per se*.

A much more significant weakness is that Barnett's focus on the Core-Gap dichotomy leads him to minimize the importance of the existing links that connect particular Gap countries with particular Core nations. Given cheap air transport and telecommunications rapidly moving to a worldwide flat rate, the old paths of empire and emigration have given rise to a series of fluid, overlapping worldwide network civilizations. In the place of the British Empire there is now a demotic Anglosphere of Birmingham curry houses and Indo-American software engineers, a son of Jamaican emigres becoming Secretary of State, and Filipino immigrants commanding British, Australian and American troops together. The cocked hats and pith helmets these days are only seen over the faces of hometown boys made good and appointed Governor-General in Kingston or Belmopan. In much the same way, the former realm of the conquistadors is now a demotic Hispanosphere, the old French empire is now a Francophone network, and so on.

The key point here is that these new constructs all cut across Core-Gap lines, yet they are almost always the most effective lines along which the money, people, goods and services will flow to bring connectivity from the Core to the Gap. Rather than striving for universality of approaches, we would do better to work with the grain and maximize the use of these existing channels.

This applies also in matters of grand strategy. Bismarck famously remarked that the most important reality of the 20th century would be the fact that the United States spoke English. The most important fact of the 21st century may be the fact that the educated and ambitious of India have made of English not merely a useful foreign tongue, as have the Chinese, but a language they have taken into their homes and their literature, and into their heads and hearts by creating their own version of it. The new rising generation of well-educated, tech-savvy Indians increasingly regards this intertwining of India and the Anglosphere not as a colonial relic, but as a valuable card that history has dealt to their country, and one that should be played. Evidence that it *is* being played can be seen in both the quietly accelerating Indo-American military cooperation and the rapidly accelerating economic interpenetration between India and America.

THE ALL-CORE alliance against the anti-connectivity actors in the Gap that Barnett and Ash in effect advocate has the nature of a grand coalition—that is, one that enlists all significant actors. Typically, however, grand

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coalitions do not last. Sooner or later, one or more players decide that they can do better outside the system, and a new oppositional alignment emerges. Some Core nations are already in the business of pimping their Core status to Gap states to achieve narrow national goals—the role of France in providing militarily useful technologies to Gap states being a particular example. So even if the grand coalition can be assembled, we must consider who might be tempted to bolt.

Continental Europe in general, but especially "Old Europe", has tended to see this emerging world as a game in which they are dealt a progressively worsening hand with every shuffle of the cards. Thus they have concentrated on cashing in chips for short-term gain, while trying to trip up stronger players when the opportunity strikes. At present, the costs of being in the coalition would probably include making major and painful structural adjustments to their economies. Domestic European electorates might therefore be tempted by the alternative of a Euro-Islamic alliance, in which Middle Eastern oil states would prop up unreformed European economies in return for international support, high-tech weaponry and open access to Europe for Islamic economic migrants. The growing "Eurabian" bloc of Islamic voters would thus combine with anti-reform pensioners to veto any other political alignment, driving politics in the direction of the Euro-Islamic solution.

This alignment might then attempt to pick off one other major player from the grand coalition. Russia would probably find this unattractive, given their problem with radical Islamic separatists, and Japan would gain little from it. China might be tempted by access to energy, European weapons technology and the European market, so long as their access to the American market was not entirely precluded. China might not be so much a partner as a semi-detached fellow-traveler, careful never to fully alienate either side. Russia might well try to play a similar semi-detached role to the Anglosphere-India-Japan group.

Under this scenario, we might see the world gradually align into several loose competing politico-economic alliances whose elbow-jostling would not rise to the level of war, or even cold war. The above scenario may in fact be emerging now, with an Anglosphere-plus-India-plus-Japan-plus-Russia team contending with a Euro-Islamic-Chinese bloc. Within such a framework there would still be a need for high-level international agreements and organizations to bind the major players together within a limited framework—to facilitate world trade and prevent any major conflagration among the major powers. But a new world order it would not be, and the transnational elements in it would probably wield about the same amount of influence as during the Cold War.

All in all, the European model is unlikely to be replicated on the world stage—and it may be scaled back and even dismantled in Europe itself when the evidence that India and China are overtaking it becomes too embarrassingly clear. As for the really big picture, instead of problematic schemes for transnational governance on the European model, we are likely to see the gradual rise of associated commonwealths, achieving more modest goals more effectively on a basis of cultural, legal and linguistic affinity. Rifkin's "European Dream" is likely to remain exactly that. □

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Neo-Conspiracy Theories

Gerard Baker

James Mann, *The Rise of the Vulcans: The History of Bush's War Cabinet* (New York: Penguin, 2004), 426 pp., $16.

Patrick Buchanan, *Where the Right Went Wrong: How Neoconservatives Subverted the Reagan Revolution and Hijacked the Bush Presidency* (New York: St. Martin's Press, 2004), 272 pp., $24.95.

Stefan Halper and Jonathan Clarke, *America Alone: The Neoconservatives and the Global Order* (Cambridge, UK: Cambridge University Press, 2004), 382 pp., $28.

A FEW DAYS before the U.S. presidential election, the BBC, a once renowned television network dedicated to the enlightenment of the uninformed around the world, aired a documentary called "The Power of Nightmares." The program's central thesis was that the notion of a global threat from Islamist terrorism was largely a chimera, dreamed up by the powers-that-be to scare people into supporting wars of oppression by America and its dwindling band of allies. This illusion, the documentary said, was the work of a tightly knit group of conspirators in Washington known by now to all as "the neoconservatives"—a group of warmongering fanatics morally equivalent to the Islamic fundamentalists they claim to be fighting. As the producers noted, both are organized groups of religious bigots who use deception and terror to engender fear in credulous peoples in the hope of furthering their own goals of global domination. What was most remarkable about this steadily ascending fantasy of calumnies was in the end how unremarkable it was. For the neocons, such allegations are now merely routine.

Few groups of otherwise inconspicuous individuals can have been more maligned, loathed, feared and ridiculed than America's neoconservatives. In academia, in the media and in the steadily growing piles of political polemics that stack bookstore shelves, they have been demonized as, at very best, naïfs espousing a dangerously unrealistic fantasy of American foreign policy as a *mission civilatrice*—or at worst as neo-fascists, consumed by a Dr. Strangelove-like fixation on the transformative effect of American military power.

The standard critical narrative of the last four years runs as follows: An intellectually lightweight and suggestible president, unschooled in foreign affairs, was led by a highly motivated cabal of foreign policy advisors and mysteriously connected outsiders into an embrace of their controversial doctrines. These revolutionaries held a number of core beliefs way beyond the bounds of the mainstream of America's foreign policy debate. They are committed to an explicit policy of eliminating regimes they don't like, especially in the Middle East, and to their replacement with governments friendly to America and Israel. Their faith in America's moral superiority and military supremacy is so great that they see it as the country's responsibility to wage something like permanent war, both pre-emptively and unilaterally.

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These views would obviously never pass muster with public opinion, so like all coups d'etat, this one was achieved through deception, opportunism and manipulation. The neocons exploited the September 11 attacks to leverage their narrow worldview into the official national security strategy of the United States. They lied about the threat posed by Saddam Hussein's Iraq to justify their longed-for invasion of the country.

THIS IMMORALITY tale has come mostly from the Left, especially overseas. But many of the neocons' political enemies, especially those at home, are on the Right. Many who consider themselves true conservatives are, if anything, even more aghast at what they see as the usurpation of their governing philosophy for such nefarious ends. Patrick Buchanan, the paleoconservative polemicist, and Stefan Halper and Jonathan Clarke, who describe themselves as firm believers in Reaganite foreign policy, are in this conservative vanguard in the struggle against the neocons. Their critiques of the neocons, though divergent in important respects, share many central allegations.

The main substantive objection is that the apparently one-dimensional neoconservative approach to foreign policy is deeply inadequate to the challenges of a complex world. They believe their adversaries are not only a radical departure from traditional conservative thinking, but knaves who have laid a false claim to the Reagan legacy.

Buchanan's charge comes from a now familiar populist-conservative perspective. He says neoconservatives are at odds with the finest traditions of American foreign policy. Developing themes he first outlined in another of his books, *A Republic, Not An Empire*, he says those traditions, from George Washington's valedictory address to Ronald Reagan's pullout of U.S. forces in Lebanon, are essentially isolationist. Buchanan does not repeat his earlier claim that U.S. involvement in World War II was both immoral and politically mistaken, but he decries foreign policy under George W. Bush as deeply misguided and redolent of the imperial overreach of past superpowers such as 19th-century Great Britain and 17th-century Spain. You do not have to look hard, however, to get the gist of Buchanan's populist drift. The United States, he says, should abandon neoconservative pipe dreams and, in addition to isolationism, should adopt policies that are openly protectionist, anti-immigrant and anti-Zionist.

Halper and Clarke, in a less lurid and more lucid but no less polemical account, argue that the neocons and the policies they have forced on the United States these past four years have been a terrible aberration that has caused only barely reparable damage to America at home and abroad. They trace the history of neoconservatism, and in doing so distinguish between the original neocons who helped guide American foreign policy in the Reagan years, for whom they have evident regard, and the current crowd, for whom they are seething with derision and contempt. They regard today's neocons as intellectually inferior, apparently lacking the cultural range and philosophical reach of their forefathers.

Halper and Clarke are not unsympathetic to the basic goals of the neocons, and they do not repeat the more fanciful critiques popular in the European press about the power lust of this shadowy group. As Reagan enthusiasts, they acknowledge the beneficial transformative power of U.S. foreign policy, and they do not disdain the value of a bit of American moral clarity in a dangerously relativistic world.

But they do assert that the neocons in and around the Bush Administration failed to learn the basic lessons of Ronald Reagan's successful Cold War approach:

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Know the limitations of direct U.S. action, and secure the support of allies in any endeavor to promote the ideals of freedom. Their simplistic assumptions about the universal appeal of democracy are as ill matched to the realities of politics as was their misplaced faith in the power of the U.S. military to effect and sustain regime change.

Given the evident intellectual shortcomings of the neocons in these accounts, how on earth did they manage to drive U.S. foreign policy in their direction in the Bush Administration? According to Halper and Clarke, the secret of the neocons' success was the use of the levers that all powerful Washington special interest groups control—access through influential think tanks to the key policymaking positions of the administration and above all control of the mass media. With the help of powerful friends and fellow-travelers in television and the press—Fox News, the *Weekly Standard*, the *Wall Street Journal*'s editorial page—the neocons were able to shift the terms of public debate in their direction.

There is a whiff of McCarthyism at times in some of this. But the question of how the neocons grabbed control of the reins of policy in the Bush term is worth focusing on in detail, because it highlights the weakness in all these accounts of the neocon ascendancy. Not a single senior member of the Bush Administration can be described as a member of the fraternity. Dick Cheney, Donald Rumsfeld and Condoleezza Rice are better thought of as assertive nationalists. They may share the neocons' faith in American power, but they are highly skeptical about using that power for the risky business of establishing democracies of questionable value to U.S. interests. How then did they come to embrace the principal neocon cause, the invasion of Iraq and the attempt to remake the political map of the Middle East?

The answer, which Buchanan ignores, and Halper and Clarke only allude to, is that the circumstances in which U.S. foreign policy was being made by 2001 had changed completely—not just in the obvious sense by the events of September 11, but more importantly by the transformed conditions of U.S. military and political strength in the world at the turn of the millennium. That transformation changed minds in a foreign policy field far broader than the neocon cabal.

PINNING DOWN neoconservatism is not as easy as its detractors claim. Its roots are complex. Indeed, the notion that there is, as in Marxism, a single neoconservative philosophical approach is surely a myth.

Some early neocons hailed from mid-20th-century political philosophy departments in a few select universities. Men such as Leo Strauss, Albert Wohlstetter, Allan Bloom and Irving Kristol were dismayed by the grip of moral relativism on America's institutions of learning. Others, such as Daniel Patrick Moynihan and Nathan Glazer, came at the subject from a more practical angle: disillusionment in the power of social and economic progressivism and egalitarianism in the 1960s. Still others, like Senator Henry "Scoop" Jackson (D-WA) gravitated to the cause as the Democratic party turned its back on America's Cold War challenges after Vietnam.

All of these men were marked by their opposition to the moral relativism of their age and by a moral approach to government, which they saw as a celebration of the defining value of American democracy. The "neo" prefix was a literal testimony to the recent nature of their conversion, such as that of the formerly Trotskyist Kristol, but it was also a symbol of their recasting of traditional conservative thought into a more dynamic and activist philosophy. "A neoconservative is a liberal who has been mugged by reality", is Kristol's now familiar description.

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As the Vietnam Syndrome took hold of America, conservative mistrust of the neocons was evident. Buchanan himself notes that the neocons have always been willing to reach accommodations with non-conservatives. In the 1970s their first choice for president was not the reliably Republican revolutionary Ronald Reagan, but Scoop Jackson. When Jackson declined to take up their banner, neocons flocked to Reagan, enhancing suspicion that they were Johnny-come-latelys to the conservative cause.

But with Reagan's victory in 1980, neocons began to translate their philosophical critiques into governing practice. People like Jeane Kirkpatrick, Reagan's ambassador to the United Nations, and Richard Perle and Paul Wolfowitz at the Pentagon were all associated with the hawkish strategy of the Reagan years towards the Soviet Union.

Buchanan and Halper and Clarke are quite correct in pointing out that today's neocons differ in important respects from the Reagan hawks. For one thing, the early Reagan version did not pursue an unstinting commitment to the universal application of democracy around the world. Indeed, Kirkpatrick first came to the attention of Ronald Reagan after he read her famous 1979 critique of Jimmy Carter in a *Foreign Affairs* article entitled, "Democracy and Double Standards." In it she castigated Carter for insisting on democratic reforms in countries that were allied to the United States in the Cold War. For the Reagan-era neocons, the emphasis was on defeating communism. If that required some temporary alliances with some unappealing dictators like the Shah of Iran, then so be it. This is strikingly different from today's neoconservative view that the United States can only be safe if democracy is encouraged everywhere, especially in the Middle East.

Foreign policy perceptions of America's proper role and capabilities evolved rapidly. The lessons most observers (not just those on the Right) drew from the Reagan years was the efficacy of military strength and the significance of America's steady ascendancy. That was reinforced in 1991, after the Gulf War, when the United States crushed Iraqi forces. It was also that war that frustrated many neoconservatives and others, including Britain's Margaret Thatcher, believing as they did that the United States should have completed the task and toppled Saddam Hussein then.

In the early 1990s, however, neocons could still speak convincingly of the unipolar moment. By the time the George W. Bush Administration took office, the neocons had high hopes of real influence. Even so, they could not count one of their number among the foreign policy principals in the administration—not Cheney nor Powell nor Rice nor Rumsfeld. At the secondary level of deputies, neocons did hold some influential positions: Wolfowitz at the Pentagon, Steve Hadley at the National Security Council, Lewis "Scooter" Libby in the Vice President's office. But there were few signs before September 11 that they were able to convert this influence into serious policy initiatives.

In those early months the neoconservatives were preoccupied principally with China and believed that a confrontation with Beijing was inevitable. But when a U.S. surveillance plane was brought down by unfriendly Chinese attention in April 2001, the administration backed off, leaving many neocons frustrated at what they saw as a U.S. humiliation.

Certainly there were some victories for the neocon belief in the right of the United States to act unilaterally. The Kyoto Protocol on global warming was rejected, and the United States withdrew its signature from the treaty establishing the International Criminal Court. But Halper and Clarke and Buchanan are surely not right in suggesting there was much evidence that the administration

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was moving towards the neocons' hard-line position on Iraq at that time.

After September 11, the entire stance of U.S. policy changed. An attack on Iraq was ruled out initially, but it was soon clear that it had only been deferred. But does this mean that the neocons had suddenly become ascendant in the uppermost counsels of the administration?

TO ANSWER that we need to look at the other players in the administration. Here, James Mann has written the one truly indispensable account of the construction of Bush foreign policy. His historical narrative of the major foreign policy figures in the Bush Administration: Cheney, Rumsfeld, Powell, Rice, Wolfowitz and Richard Armitage, the deputy secretary of state, explains how the thinking of these very different political figures steadily converged over decades.

Mann argues that for Cheney and others—like Rumsfeld and even Powell, neither of whom could ever be described as neoconservatives—the Iraq War was consistent with their own belief in the efficacy of U.S. power. That belief had built steadily over three decades or more in policymaking. They came of political age in an era when the United States steadily restored its global ascendancy after the catastrophe of Vietnam, and grew in military power and self-confidence.

By the late 1990s much of what the neocons had been saying about the proper exercise and scope of U.S. power had already been accepted, even by the Clinton Administration, which went to war in the Balkans largely for moral and humanitarian reasons—and for which it was enthusiastically applauded by neoconservatives (though not most conservatives, including Buchanan). The Kosovo War, moreover, was fought without the United Nations' authorization that the neocons' critics seem to believe is essential.

Indeed, as Mann astutely points out, it was the often unhappy experiences with allies in these crises that created the steadily broadening consensus in the United States in favor of dissolving many of the bonds of multilateralism. Thus, when the United States dismissed aid from other NATO countries (except Britain) for the Afghan campaign after September 11, it was the uniformed military—not hard-line, unilateralist neocon civilians—who declined the offer.

Clinton also initially rejected some other multilateral constraints, dismissing the International Criminal Court (although he would disingenuously sign the treaty a few weeks before leaving office, knowing it would never pass the Senate). He also pressed ahead with missile defense plans despite the obvious confrontation it would eventually provoke with the Anti-Ballistic Missile Treaty.

In sum, by the time George W. Bush came to office, the steady accretion of U.S. military power and success, its political and economic reach, and the mirrored decline in other countries' power were established facts that gradually emboldened foreign policy thinkers of all persuasions to take a more skeptical view towards global political constraints on American action. It was Madeleine Albright, no less, Clinton's secretary of state, who famously asked Colin Powell, then chairman of the Joint Chiefs of Staff, "What's the point of having this great army of yours if you're never going to use it?" If you believed in the overwhelming virtue of U.S. power, as most people did by 2001, the case for action was persuasive. If you could topple hideous regimes like Saddam Hussein's and remove threats, even if they seemed remote, why wouldn't you?

Neocons did not reject multilateral activity for the sake of it, nor did they wholly reject any notion of seeking global legitimacy for U.S. action. They believed, on the contrary, that such legitimacy would be bestowed retrospectively, in the

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light of military and political success. This was the *Field of Dreams* approach to foreign policy: "If you build it, they will come." If the United States wielded its might successfully, in the end the world would see it was right and would want to associate with Washington.

The September 11 attacks added a new element to the mix. The United States had an overwhelming military advantage but had suddenly been humbled by 19 men with box cutters and one-way plane tickets. You didn't have to be bamboozled by neoconservative "deceptions" to accept the changed conditions that made broad U.S. action against perceived threats attractive.

This is not to say that the Bush Administration's approach to Iraq in late 2002 was accepted on all sides. But the circumstances of the previous 25 years meant that those who were skeptical about the wisdom of such action were up against the powerful examples of recent history: the Cold War, the Gulf War, Kosovo, Afghanistan, and the easy U.S. hegemony these experiences seemed to point to.

THE ASCENDANCY of neoconservatives in the Bush Administration, then—if indeed it can be called that—was not some twisted, un-American aberration, as its critics contend. The neocon case was rooted in the major traditions of U.S. foreign policy: morally assertive, internationalist, forceful, and seen in a new, post-Cold War light. So the question now is not how to mend the damage from these years of neocon recklessness, but whether the assumptions on which U.S. policy has been based for several years now may be proved false by events in Iraq. Have the setbacks there so weakened the reality of U.S. power that U.S. self-confidence, which has been waxing steadily for a quarter of a century since Vietnam, may now be on the wane? Was the Bush Administration's decision to fight terrorism by focusing hard on its state sponsors and the broader political conditions that give rise to it, rather than on the narrower target of the terrorists themselves, misdirected? Is conventional U.S. military superiority of little use when confronting this new threat?

If the Bush Administration fails to pacify Iraq and faces growing terrorist threats from non-state actors elsewhere, the assumptions of the neocons and many other foreign policy specialists besides will need to be revisited. But the neocons were not primarily responsible for the conditions that gave rise to the judgments made by the Bush Administration's policymakers: The unchallenged assumption of U.S. supremacy was. □

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Night and Fog

Alan Furst and the Literature of Espionage

Martin Walker

Alan Furst, ed., *The Book of Spies: Anthology of Literary Espionage* (New York: Modern Library, 2003), 374 pp., $14.95.

Alan Furst, *Dark Voyage* (New York: Random House, 2004), 256 pp., $24.95.

Blood of Victory (2003), 272 pp., $12.95.

Kingdom of Shadows (2001), 272 pp., $11.95.

Red Gold (2002), 288 pp., $11.95.

The World At Night (2002), 288 pp., $11.95.

The Polish Officer (2001), 304 pp., $12.95.

Dark Star (2002), 464 pp., $13.95.

Night Soldiers (2002), 480pp., $13.95.

A NEW NOVEL by Alan Furst has become an event. He has revitalized and perhaps even reinvented the genre of espionage fiction that had seemed to fade into irrelevance since the fall of the Soviet Union. At the same time, he has devised a compelling new form for the historical novel, set in Europe's 20th-century Dark Ages, from 1933–45. Over the past 15 years or so, he has built up a body of work that has slowly but steadily moved from cult favorite to worshipfully reviewed and now to best-seller. Rather like the Napoleonic naval tales of Patrick O'Brian, Furst's novels have become an interesting cultural phenomenon, not least because his plots are less than riveting and his characters (particularly the women) often wooden or sketchily drawn. But Furst, it is widely agreed, is a writer of genius when it comes to atmosphere, that elusive but magical mix of mood and time and place.

"Third Arrondissement—the old Jewish quarter", begins one characteristic passage about Paris.

> Cobbled lanes and alleys, silence, deep shadow, Hebrew slogans chalked on the walls. Rue du Marché des Blancs-Manteaux, the smell of onions frying in chicken fat made Casson weak at the knees. He'd been living on bread and margarine and miniature packets of Bouillon Zip when he could afford the fifty centimes.

This is a device Furst deploys often, using the atmospherics to advance the plot, to reveal a little more about the character. The place may be the same, but the character's circumstances have changed, and the world has shifted disconcertingly on its axis. In another example it is Paris again, and the same character, a modestly successful film producer named Jean Casson, who is on the run from the Gestapo, is in familiar surroundings, but exploring the wholly different topography of poverty:

> Place Clichy. He sat at an outside table at a café and sipped the roast barley infusion the waiter brought him. Coffee, he thought,

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remembering it. Very expensive now, he didn't have the money. He stared out at the square. Clichy a little lost in the daylight, the cheap hotels and dance halls gray and crooked in the morning sun, but Casson didn't mind. He liked it—in the same way he liked deserted movie sets and winter beaches.

Furst's scene is not always Paris, and even Paris is not always under German occupation. But even at decadent peace in the 1930s, with American heiresses parading at parties dressed only in diamonds, or English gentlewomen spies holding court at brasseries while waiters are shot in the lavatory, Paris is simply awaiting the coming of its jackbooted new masters. And almost effortlessly, Furst can achieve the same pitch-perfect sense of location at a Moscow spy school in 1932, in Warsaw as war breaks out, in Bucharest during a coup or in Istanbul as the spies bicker and plot their moves. He loves the lonely bustle of railway stations and ports, the anonymous intimacies of cheap hotels, the drama of even the most legal of border crossings. Furst opens his new novel, *Dark Voyage*, in a new location, but in his same old style.

In the port of Tangier, on the last day of April, 1941, the fall of the Mediterranean evening was, as always, subtle and slow. Broken cloud, the color of dark fire in the last of the sunset, drifted over the hills above the port, and street lamps lit the quay that lined the waterfront. A white city, and steep; alleys, souks, and cafés, their patrons gathering for love and business as the light faded away. Out in the harbor, a Spanish destroyer, the *Almirante Cruz*, stood at anchor among the merchant steamers, hulls streaked with rust, angular deck cranes hard silhouettes in the dusk. On board the tramp freighter *Noordendam*, of the Netherlands Hyperion Line, the radio room was like an oven and the Egyptian radio officer, known as Mr Ali, wore only a sleeveless undershirt and baggy silk underdrawers. He sat tilted back in his swivel chair, smoking a cigarette in an ivory holder and reading a slim, filthy novel in beautifully marbled covers.

Silk and ivory. Mr. Ali is a man of private luxuries, and he is about to hear a QQQQ call on his radio, the merchant shipping distress call for "I am under enemy attack." Somewhere at sea, the submarines and bombers and E-boats pursue their crucial war of logistics, sinking the ships and tankers that fuel the armies in North Africa, and the good ship *Noordendam* is about to be recruited into the great game.

The plots and action of Furst's novels focus heavily on the importance of transport. *Blood of Victory* (originally published in 2002) is about the attempt to block the passage of oil barges from the Romanian oil fields at Ploesti up the Danube, by blocking the river at the narrows called the Iron Gates. *Red Gold* (1999) is about the attempt by a small group of would-be resistance officers in the Vichy regime to forge an alliance with the French communist underground, the Franc Tireurs et Partisans, by shipping them large stocks of weapons from arms depots in Vichy-held Syria and Lebanon. In return, the communists are to help block the French canal system to stop gasoline from the French refineries at Rouen from heading south to Marseilles and across to Rommel's Panzers in North Africa.

The time, April 1941, is pivotal, falling within that final three-month period when Britain stood alone against Hitler before the invasion of the Soviet Union in June. It is before the attack on Pearl Harbor in December plunged America into the war. These are the months of Hitler's invasion of Serbia and Greece, of Britain abandoning the prospect of overwhelming victory in North Africa to rush tanks and troops and ships to a doomed effort to help the beleaguered Greeks. It is the springtime

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of coups in Romania, of the paratroop assault on the island of Crete, and of the summer when Operation Barbarossa suddenly turned the Communist Parties of Occupied Europe from Hitler's sullen allies into his fierce enemy, the year when the Resistance became real. For Americans, a world away from Furst's novels, December 7, 1941 is the day that will live in infamy. For occupied Europe, it was the day Hitler promulgated the *Nacht und Nebel* decree. The phrase translates as Night and Fog, and it was the infamous order that said anyone resisting German authority was simply to disappear, with no information on their fate. No word would come from prison or the camps or the grave; better not to risk oneself by even daring to ask.

FURST WRITES beautifully, in what has become the classic, spare style of the genre. Take the following three examples:

> The boat left the Quai de la Joliette in Marseilles harbour about midnight. It was new moon and the stars were bright and their light hard. The coast with its long garlands of gas lamps faded slowly away. The lighthouses emerging from the black water, with their green and red eyes, were the last outposts of France, sleeping under the stars in her enormous, dishonored nakedness, humiliated, wretched and beloved.

> The night was stormy and the wind blew cold from the mountains, but the stodgy little steamer plodded sturdily through the choppy waters of the lake. A scudding rain, just turning into sleet, swept the deck in angry gusts, like a nagging woman who cannot leave a subject alone.

> Earlier that day there'd been fighting on the waterfront, a band of fascist Iron Guards pursued by an army unit loyal to Antonescu. So said the barman at the dockside tavern. Intense volleys of small arms fire, a few hand grenades, machine guns, then silence. Serebin listened carefully, calculated the distance, ordered a glass of beer, stayed where he was. Safe enough. Serebin was forty-two, this was his fifth war, he considered himself expert in the matter of running, hiding, or not caring. Later, on his way to the pier, he'd come upon a telegraph office with its windows shattered, a man in uniform flung dead across the threshold of the open door, which bumped against his boot as the evening wind tried to blow it shut. Roumania had just signed the Tripartite Pact with Germany, political assassinations were daily events, civil war on the way, one poor soul had simply got an early start.

The last is from Furst's *Blood of Victory*; the first is Arthur Koestler; and the second is from Somerset Maugham's *Ashenden*, which Furst suggests in his introduction to the new *Anthology of Literary Espionage* might be the best spy story ever written. There is a common voice at work, laconic and world-weary, fatalistic but pressing on. It is a voice that owes some of its language to Hemingway, and some to Camus, an existential attitude of the genre that has become a tradition that Furst respects. He uses the Koestler extract as an epigram in one of his books, and Maugham is one of the writers he chooses for the anthology. Joseph Conrad, Graham Greene, John Le Carré, Charles McCarry and Eric Ambler pick themselves. Other selections are idiosyncratic: Baroness Orczy, creator of *The Scarlet Pimpernel*, is an unusual choice, and Maxim Gorky verges on the bizarre. Anthony Burgess is included, presumably to provide comic relief.

In his distinctly unrevealing introduction to the anthology, Furst remarks that characters in spy novels

> work at the blurred edge of the Manichean universe, where Good struggles with Evil for the destiny of humankind. Work, often enough, is plagued by moral uncertainty, and

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> always in secrecy—thus always in danger, in foreign lands, living the sort of independent and adventurous existence that may lead to love or lechery or both.

Furst tells us far more of what he really thinks in a brief but devastatingly acute passage on John Le Carré, for whom the Cold War was "44 years of obliquity, treachery, lies and counter lies—the perfect battleground for the Le Carré style, which is dark, ironic, and bristling with aristocratic contempt, a very sharp tool encountered far more agreeably in literature than in daily life."

Furst, who has no professional intelligence background, notes that those who do (Greene, Le Carré, Maugham and McCarry)

> write with a kind of cloaked anger, a belief that the world is a place where political power is maintained by means of treachery and betrayal, and worse, that this gloomy fact of life has as much to do with elemental human nature as it does with the ambitions of states. By the final paragraph, it's evident that victory is not a moral triumph, and with a few turns of the globe and changes in politics, no longer victory. Not good.

That is not Furst's view at all. His characters are the good guys, whatever wicked deeds and betrayals they might perform. There is none of the squalid moral equivalency of Greene or Le Carré. This is refreshing; we know where we are. They may be bumbling, incompetent, out of their depth, but Furst's heroes believe in the historic and human necessity of fighting against Hitler, or rebelling against Stalin. Furst's first effort, *Night Soldiers* (1988), emerged from a travel-journalism assignment to the Danube in the mid-1980s, as the Soviet empire began to crumble from within. This first novel, a clumsy effort by later standards, begins with a Bulgarian village's local fascist group bullying its enemies. A boy is killed; his brother is recruited by the communists, taken to Moscow and trained to become a Comintern agent. He is the sent to Spain's civil war, falls in love with a young American woman and becomes disillusioned with the betrayals and anti-Trotskyist purges of his Stalinist masters and escapes to France, and after many adventures is drawn into the French resistance. The second novel, *Dark Star* (1990), covers much the same ground, with a thoughtfully drawn Russian Comintern agent and *Pravda* foreign correspondent, who again grows disillusioned with the NKVD's internal purges.

The third novel, *The Polish Officer* (1994), marked the coming of the mature and distinctive Alan Furst, with its focus on one of the minor players of the war. Most World War II novels and spy tales have concentrated on the heavyweights, on British and German intelligence, or the Russians and Americans. Furst has mined the other belligerents to brilliant effect. *The Polish Officer* begins with the doomed defense of Warsaw in September 1939, and then our hero, Alexander de Milja of the cartographic service of the Polish general staff, has to organize the evacuation of the central bank's gold reserves. (A distinctive feature of Furst's writing is that he understands the importance of logistics and of money in war and espionage; a sub-plot of *Night Soldiers* is the Russian ploy to secure the gold reserves of republican Spain.) With Poland overrun and occupied, he then has to make the country useful by building its own intelligence service in a way that supports the essential British ally while preserving some element of independence.

The fourth and fifth novels, *The World At Night* (1996) and *Red Gold*, feature the French film producer Jean Casson. The sixth, *Kingdom of Shadows* (2000), takes us back to pre-war Paris in the appeasement years. Nicholas Morath, a young Hungarian aristocrat who runs a

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small advertising agency, is recruited into a small anti-Nazi intelligence operation by Count Janos Polanyi, his uncle. Polanyi, a very loosely drawn character who reappears in other novels, works closely with British intelligence. The seventh novel, *Blood of Victory* (2002), introduces the exiled Russian writer I. A. Serebin, whose nationality makes him a neutral in that year between the fall of France and the invasion of Russia, and thus unusually free to travel. He is also recruited by Polanyi. Serebin's mistress, the wife of a complaisant French diplomat based in Trieste, calls him "*mon ours*" (my bear) and is one of Furst's few successful women characters. Most seem there to provide bedmates, romantic interest and some reasonably dignified sex scenes. But then, who needs classic characterization, when Furst can conjure so much of a woman from the handful of words he uses to describe Serebin's previous mistress, Tamara? "They'd had two love affairs; at age 15 and again at 35. Then Russia had taken her, as it took people."

It is a curiosity of Furst's writing that some of his minor characters are far more memorable than his stars. The blackmailing of one of Casson's mistresses, a partly Jewish woman, by a colleague in a Paris travel agency, is a memorable and wholly convincing sub-plot. Other minor figures like Weiss, one of the top communist agents in Paris, who simply fell into the Soviet service after being released from a prisoner-of-war camp by the 1917 Bolshevik revolution, are equally credible. Weiss, a bureaucrat of the underground who obeys Moscow's orders even when he thinks them foolish, remains a decent fellow, even when launching the killings of random German officers in the knowledge that they will lead to bloody reprisals. Other minor characters—a Jewish scriptwriter who can churn out charming resort hotel comedies while on the run, a Dutch naval officer trying desperately to find some tools and human assets that will make him useful to the British, a Romanian professor who gets shot by a random bullet in a coup—stick in the memory.

FURST'S NOVELS work, and satisfy on a very high level, because the real character is Europe itself, a sprawling yet controlled and familiar landscape being subjected to the indignities of war and occupation. It is Europe as victim, as pawn in the ideological clash between Nazism and communism, while Furst's characters strive not to be victims of history and to retain some sense of self, of choice and of decency even when so little of their fate is in their own hands. Because of the intensity of the morality play, World War II has become to the modern West what the Troy tales were to classical civilization—instructive drama as well as founding myth—and this is the landscape that Furst has made his own.

He is not the first in this field. In Hollywood, the Epstein brothers saw the opportunity even as the war raged, and Humphrey Bogart played his finest role as Rick, a character who would be entirely at home in a Furst novel. As Walter Shapiro noted in a review in *Time*, "Nothing can be like watching *Casablanca* for the first time, but Furst comes closer than anyone has in years." And as master of the ambience of Europe in the years of 1933–45, a time defined by the grim shadows of Hitler and Stalin, he has won a devoted body of admirers. They include some formidable modern novelists. In reviews in Britain, Robert Harries (of *Enigma* fame) has called him matchless, and William Boyd says, "in the world of the espionage thriller, Alan Furst is in a class of his own." The Berkeley economist Brad de Long gives copies of Furst's novels to his new graduate students, to emphasize the brute power of barbarism and the vulnerability

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of civilization. Newt Gingrich, a compulsive reader whose prolific reviews on Amazon.com are worth following, sees him as "our pre-eminent historical-espionage novelist."

"Anyone seeking to understand the horrors of Iraq, Syria, Libya, Iran and North Korea should read Furst's books", Gingrich recommends.

> In the end, the horror of one man or woman being destroyed and tortured by another within a state system of power is remarkably the same even if the reason is different. Furst clearly grasps this larger moral issue: 'Hitler wasn't mad, he was evil', he writes. 'And that was a notion educated people didn't like, it offended their sense of the rational world. Yet it was true. And just as true of his mirror image, Stalin.' This is the insight that made Churchill historic and Chamberlain impotent in dealing with evil. This is the insight that enabled Ronald Reagan to bring down the Soviet Union. And it is this kind of insight that makes Alan Furst worth reading.

After its extraordinary flowering in the 1960s and 1970s, we have come to think of the spy novel as the distinctive literary form of the Cold War. In the absence of direct hostilities, the war of the shadows and of John Le Carré's *Berlin Rules* became a hospitable platform for cheap thrillers and serious novels alike, for dashing heroes and crude villains, for simplistic anti-communism and the most complex subtleties of betrayal. There were certain similarities to the form, even across the Iron Curtain. The West had its James Bond and the Russians had Julian Semyonov's Stirlitz, the ultimate Soviet spy, who drove a magnificent Horch sports car very fast, listened to Edith Piaf, and single-handedly frustrated the dastardly Anglo-American plot to sign a separate peace with Hitler. His *Seventeen Moments of Spring*, in which Colonel Maksim Isaev masqueraded as Standartenfuhrer Stirlitz of the Nazi Sicherheitsdienst (the intelligence arm of the SS), became perhaps the most successful example of genuinely popular culture that the Soviet Union ever produced. Streets emptied and Aeroflot planes delayed their flights when the TV series was broadcast.

But the Cold War was not the only period in which the spy novel flowered. The first widespread appearance of the genre came in England in the years before 1914, as war with the Kaiser's Germany became more and more likely. Erskine Childers's *The Riddle Of The Sands*, the 1903 tale of a yachting trip to the Friesian Islands that uncovers a secret German invasion plan, is sometimes cited as the first herald of the new genre. There were many others. Sherlock Holmes investigated the loss of naval secrets. Although rooted in the great games of India and Central Asia rather than Europe, Rudyard Kipling's *Kim* (1901) still has claims to be the finest of all novels of espionage. But Edwardian best-sellers like E. Phillips Oppenheim's *The Great Impersonation* and *The Double Traitor* are more typical of the wave of popular spy fiction. There was a second wave in the years before 1939, with Graham Greene's *Stamboul Train* and *The Confidential Agent* and Eric Ambler's *A Mask for Dimitrios.*

The point is that revivals of the spy novel as a genre do not come out of nowhere. They are products of particular times, when the international situation heats up, when war seems near, when civilization is in peril and the battle in the shadows is already joined. Such, of course, has been the current condition since September 11, 2001, finally ending that decade-long holiday from history after the Soviet collapse. Once again, the West faces attack from an enemy who can be neither bought off nor placated. We have no choice in this war that has been thrust upon us. Furst has an acute sense of the

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responses this can provoke. One of his best characters, Jean Casson, is watching a troop of French cavalry trotting through Paris in May 1940, just after the German attacks had begun.

> Now the band played the *Marseillaise* and Casson held his hand over his heart. War with Germans, he thought, it doesn't stop. They'd lost in 1870, won—barely—in 1918, and now they had to do it again. A nightmare: an enemy attacks, you beat him, still he attacks. You surrender, still he attacks. Casson's stomach twisted, he wanted to cry, or to fight, it was the same feeling.

It is thus at once fitting and no accident that Furst's novels have made the transition from *succès d'estime* to best-seller status in the last three years as we have come to understand that the enemy is a new kind of fascism, in a new kind of war that must be fought in the shadows and alleys as well as the airwaves and cafés and mosques and minds. Furst himself understands this. As one of Casson's chiefs tells him in *Red Gold*: "The sad truth is a country can't survive unless people fight for it." Furst explicitly understands this connection to 9/11, as he made clear recently in an interview with the magazine *The Writer*. In *Blood of Victory*, one of the characters declares: "If you don't stand up to evil, it eats you first and kills you later, but not soon enough." In his interview, Furst commented:

> I put that passage in after 9/11 as a memorial. I did it absolutely on purpose. That was a late fix. At the end of the day after that experience, I thought, well, it's the truest thing I know to say. I'm not a public spokesman or anything like that, but I do write books and they are publicly read. That gives me the right to say something sometimes that's close to my heart. That's exactly what I did. The world is a place where good struggles with evil. You can see it. Turn on the television. It's not far away from you. And that has been true in all history. When didn't you have terribly negative things going on, evil people, brutal things, catastrophes, predatory people? Then you have heroes who come along and try to save the day. To save is such an elemental part of humanity. When you see how 9/11 finally is playing itself out . . . we have chosen to think about it in terms of the fireman and policeman. That is the emotional final paragraph of 9/11. That's the hopeful thing [we] found in it—that there are people who are heroic. What does it mean to be heroic? It means you try to save people when they need to be saved. My books are about that all of the time. None of these people have to do what they do. None of my heroes. I always give them an option. □

Martin Walker is editor-in-chief of United Press International.

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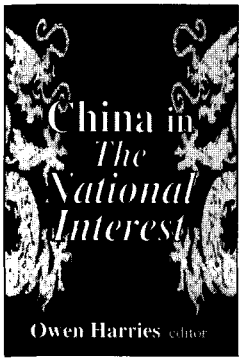

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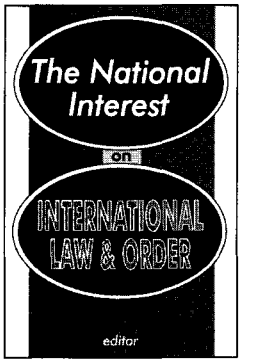

In this collection international law and the nature of global order are examined and debated among specialists including John Bolton, Robert Bork, Lee Casey, Douglas Feith, Owen Harries, Senator Jesse Helms, Alan Keyes, Irving Kristol, Joseph Nye, Jeremy Rabkin, David Rivkin, Alfred P. Rubin, and Abraham Sofaer. The final portion is devoted to the question of human rights, particularly the tripartite debate between Robin Fox, Francis Fukuyama, and William F. Schulz over the nature and origins of human rights. Among the questions considered are whether human rights are an outgrowth of natural law, or are natural imperatives at odds with protecting individual dignities and freedoms. Is there a universal standard of rights, or are human rights norms derived from majority consensus?

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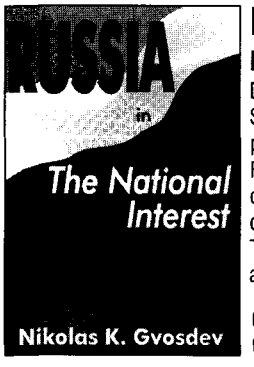

Russia in *The National Interest*

Nikolas K. Gvosdev, editor

Distinguished contributors such as Zbigniew Brzezinski, William Odom, Stephen Sestanovich, Robert Legvold, Martin Malia, Alexey Pushkov, and Dimitri K. Simes, present prescient analyses, provocative assessments and reflections about Russia. For some of these contributors, Russia is to be viewed with suspicion, a state whose current weakness has only retarded, not extinguished, its hegemonic ambitions to dominate Eurasia. For others, Russia is a strategic partner and prospective ally. This volume tackles the hard questions. Readers have the opportunity to consider and assess a number of the great debates surrounding Russia policy.

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Black Sea Blues

Charles King

MAXIM GUNJIA sits down in an armchair opposite a plush couch. His spacious office is filled with abstract art. He recalls his time in Washington, which he visited while studying in the United States. "I like Georgetown", he says in unaccented English. "And Adams Morgan—that Cuban place, what is it? The Habana Village!" Like many young clubbers, he prefers New York's scene to Washington's. "The city doesn't really have much of a soul."

Gunjia is hip, 28 and into restaurants, art and jazz. He is also the deputy foreign minister of a country that no legitimate government recognizes and that some people have called a haven for drug traffickers and arms dealers.

It is easy to think of his homeland—the Republic of Abkhazia, a small triangle of land wedged between the Caucasus mountains and the Black Sea—as a Ruritanian fantasy. From the perspective of Georgia, which claims Abkhazia as its own territory, it is simply a puppet of Russia, a pretend state that Moscow manipulates in order to keep Georgia's central government weak, scare away foreign investors and block the further expansion of Western influence in the Caucasus. More ominously, Georgian politicians contend that Abkhazia has become a hotbed of black-marketeers, trading in everything from guns to people. Abkhazia's leaders "have profited from illegal smuggling and contraband [and] now threaten to draw us all into conflict", said Georgia's president, Mikheil Saakashvili, in a speech in Washington last August. "In the post-September 11 world, illegality and pockets of separatists can no longer be ignored or tolerated."

But there is more to the story than this. Abkhazia is not simply a renegade statelet. It is in fact a remarkable example of how individuals can get on with the task of living their lives even without the imprimatur of international legitimacy. If left to their own devices, most people will figure out pretty quickly how to make a living, support their families and provide for their own security, even after a devastating war. But that resourcefulness can also be a vice. Once people have come up with workable ways of governing themselves—putting food on the table, keeping the peace, even selecting their own leaders—they are usually loath to accept someone else's version of how these things ought to be done. The Abkhaz should know. They have spent the last 14 years constructing something that looks like a real country, and they do not appear to be interested in giving it up.

Charles King is chair of the faculty and Ion Ratiu Associate Professor in the School of Foreign Service at Georgetown University. His latest book is *The Black Sea: A History* (2004).

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ABKHAZIA LIES along the northeastern coast of the Black Sea. It is lush, almost jungle-like in places. Fertile river valleys have hosted farmsteads for thousands of years. Hazelnut groves and cornfields blanket the countryside. Forested hills press right down to the seashore, and beyond them rise the granite face of the main chain of the Caucasus mountains and the snow-covered peaks that mark off the boundary between Abkhazia and the Russian republics of the north Caucasus.

The Abkhaz are ethnically related to people on the north side of the main mountain range, a linguistic and cultural group known to 19th-century travelers as "Circassians" but today called the Adiga, Cherkess and Kabardin. Their language, a glorious riot of explosive consonants and few vowels, was once poetically described by a French visitor as "the language of pebbles." To an English speaker, it really does sound like the whoosh and click of a wave retreating across a pebble beach.

Like their Circassian neighbors, the Abkhaz were deported *en masse* in the 1860s, when the czar finally conquered the last of the Caucasus uplands, ending an imperial war that lasted for the better part of a century. Many were resettled in the Ottoman empire, which is why Abkhaz historians now claim that hundreds of thousands of Turks and Arabs are really Abkhaz in disguise (and why the king of Jordan has a palace guard composed of men who still call themselves Circassians). This severe depopulation, along with the influx of Georgians and other settlers during the Soviet period, led to a precipitous decline in the proportion of ethnic Abkhaz in their traditional homeland. By the time of the last Soviet census in 1989, Abkhaz made up no more than 18 percent of the local population.

During most of the Soviet period, Abkhazia enjoyed autonomous status within Georgia, but as the Soviet Union began to weaken, local leaders called for an even looser relationship with Tbilisi. Eventually, Georgian troops intervened to keep the republic inside a united Georgian state. Full-scale war was the result, and the fighting on all sides was vicious. The capital, Sukhum (Sukhumi, in Georgian), was bombarded, and many Abkhaz were forced to flee. The republican government, with the assistance of Russian soldiers and freelance fighters from the north Caucasus, exacted revenge. In late 1992 and 1993, some 250,000 ethnic Georgians and Mingrelians (an ethnic group closely related to Georgians) were driven into Georgia proper. Most of them—and now their children—have remained there ever since.

Memories of the war are still fresh. At the Institute for Humanitarian Research, Abkhazia's main academic center, a group of historians showed me a photograph that captures the Abkhaz version of what happened a decade ago. In the picture, a group of men stands inside the ruins of the regional archive. In the middle of the burnt-out building is a tall, perfectly shaped cone of ashes. A cone like that, the historians pointed out to me, can only be made when people stand around a fire and carefully pile on document after document, systematically erasing a nation's memory. In the wake of the war, most Abkhaz believe having an independent state—and one cleansed of the former Georgian and Mingrelian majority—is essential to the continued existence of their nation.

Life in Abkhazia is not easy. The central administrative building, the largest structure in Sukhum, looks like a multi-story training facility for a fire brigade, its façade scarred with bullet holes and completely gutted, its expansive gardens now untended. But the Abkhaz have nevertheless moved on with the job of making their own country. They have a parliament, a prime minister and a president. They have a flag, a national anthem and—crucially—an educational system that teaches young people that their proper homeland is Abkhazia, not Georgia. They

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send diplomatic delegations to Russia, as well as to several other unrecognized states with which they have made common cause: the republics of Transnistria (in Moldova), Nagorno-Karabakh (in Azerbaijan) and South Ossetia (also in Georgia). All of this is overseen by more than a thousand Russian peacekeeping troops, who are in turn watched over by a local United Nations mission.

Compared with any other provincial city in Georgia, Sukhum is not doing too badly. A plethora of NGOs works on everything from supporting small-business development to looking after the rights of invalids. Several NGOs have now banded together to put pressure on the government to clean up corruption and hold genuinely free elections. There is food in the shops, a large and active bazaar and even a fashionable restaurant or two, where trendy twenty-somethings, just back from Moscow or Amsterdam, can catch up with family members and enjoy the magnificent local cuisine. Ask people what they do for a living and you will get exactly the same answer that you hear in any other peripheral bit of the former Soviet Union: *"Torguem"* ("we sell stuff")—Chinese-made clothes, fuel, animals, soap, linens, alcohol, cigarettes. Of course, smugglers and black-marketeers abound, and they are usually in league with one or another political faction. But that hardly sets the Abkhaz apart from their neighbors in Russia or Georgia.

Journalists have sometimes portrayed the Abkhaz as a "Muslim" nation at odds with Christian Georgians. There are certainly some Abkhaz who would identify themselves that way, but many more are nominally Christian. In any case, the religion of the Abkhaz is, if anything, something they call *apsuara*—the code of behavior associated with, well, just being Abkhaz. Asked what precisely *apsuara* means, Abkhaz usually point to rather minor things, like standing up when someone comes into a room. But there is now a deeper meaning, too: a sense that they defeated the Georgians, that they have managed to remain functionally independent for more than a decade, and that this is how things should remain.

BILLBOARDS ALL over Sukhum feature the same image: a picture of the uniformed warrior and former president Vladislav Ardzinba along with the word *"Aiaaira"* ("victory"). Most Abkhaz are firmly committed to consolidating what was won on the battlefield a decade ago. There are real political factions, however, and they do not always see eye to eye. Earlier this year, Ardzinba, suffering from a mysterious but debilitating illness, retired from public life. New presidential elections were held in October. The conduct of the elections was widely criticized by local observers, and a struggle for power ensued between Ardzinba's designated successor, the pro-Russian Prime Minister Raul Khajimba, and the more nationalist politician Sergie Bagapsh. In the end, Bagapsh, the underdog, was declared the winner by the electoral commission, a result Khajimba's faction disputed in court. Despite this wrangling, both camps agree on the most important point of all: that Abkhazia has no business inside a country called Georgia. Moreover, as many people in Sukhum are now at pains to point out, Abkhazia has at least managed to change its head of state through an election. Georgia never has.

Average Georgians are convinced that Abkhazia must one day return to the fold. How could this tiny place, with probably fewer than 300,000 inhabitants, survive without Georgia? But Abkhazia is not starving, and with a gorgeous coastline and several decent hotels, the republic has been raking in a minor fortune in the Russian tourist trade. For foreigners, the only way in is on a UN helicopter, but Russian citizens can travel freely across the land border to the north.

That fact alone, the Georgian govern-

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ment says, shows that the pretence of Abkhaz statehood is no more than a ruse to perpetuate Russian influence in the south Caucasus. The Abkhaz depend for their existence on financial hand-outs from Russia. Moscow pays local pensions, and tens of thousands of Abkhaz—most of the population, by some estimates—have taken Russian citizenship. When Russia claims that it has a direct interest in what happens to this strip of Black Sea coastline, there is now a legitimate legal point to back up the claim. Russia, after all, is now simply looking after the affairs of its own passport-carrying citizens.

SO, WHAT IS to be done? At the moment, it is hard to see a way out. The international community still recognizes Abkhazia as part of Georgia, but no country has put real pressure on Russia to halt its support for the Abkhaz cause. As the Russians and Abkhaz argue, the strong relationship between Moscow and Sukhum is simply a guarantee that the Georgians will not try to retake the area by force, as happened in 1992. Saakashvili has underscored his desire to reintegrate the Georgian state, and he has even made serious gestures to do so, such as interdicting seaborne trade with Abkhaz ports. But Georgians understand that time is not on their side. As Abkhaz institutions achieve even greater popular legitimacy and as children grow up with little connection to Georgia, the chances of actually reintegrating this sliver of territory look slimmer and slimmer.

Two things could change the status quo. One would be a decision by the Georgian government that upping the ante—threatening or even using violence—might be a way of breaking the deadlock. Saakashvili has repeatedly promised to seek only a peaceful resolution. In any event, the Georgian military (despite a multi-million-dollar training program sponsored by the U.S. government) is in no position to fight a war. But analysts in Tbilisi have started to talk about other ways of doing things. A single suitcase bomb placed in an Abkhaz hotel during the beach season would keep away Russian tourists and cut off one of the republic's main sources of cash. If Georgians become frustrated enough with the dithering of Washington and Brussels, some may be inclined to do just that.

A second change could come through Russia. In the wake of the school siege in Beslan, the potential for unrest in the northwestern Caucasus looks greater than ever. That region has so far remained relatively peaceful, despite two wars in Chechnya and periodic outbreaks of violence in the northeast Caucasus. But things need not stay that way. The world is only now learning about this part of Russia—places such as Adigea, Karachaevo-Cherkessia and Kabardino-Balkaria, all of which have their own interethnic problems and grievances against Moscow. If violence erupts on the other side of the mountains, Abkhaz loyalties will be put to the test. Do they turn to the Russians who have protected them against the Georgians, or come to the aid of the old Circassians, with whom they have a shared culture and transnational identity as Caucasus highlanders? Political factions in Abkhazia may already be gearing up for such a choice. Indeed, the Bagapsh faction in Sukhum has criticized Khajimba for being overly tied to Russia and personally too close to Vladimir Putin. The question is whether the new leadership will fail to look out for Abkhaz interests if they ever diverge from those of their erstwhile protector.

One day, the people of Sukhum may find themselves having to make the same wrenching decision that their great-grandfathers faced during the Caucasus wars of the 19th century: throw in their lot with the Russians, or band together with their ethnic kin. In a place that has put so much store in building an independent identity, it is not obvious which way they would go. □

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